REAUTHORIZATION OF COMMUNITY SERVICES BLOCK GRANT

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 6, 1986

Serial No. 99–95

Printed for the use of the Committee on Education and Labor

U.S. GOVERNMENT PRINTING OFFICE
60-590 O WASHINGTON : 1986

H341-73

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REAUTHORIZATION OF COMMUNITY SERVICES BLOCK GRANT

THURSDAY, FEBRUARY 6, 1986

House of Representatives,
Subcommittee on Human Resources,
Committee on Education and Labor,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 2261, Rayburn House Office Building, Hon. Dale E. Kildee (chairman of the subcommittee) presiding.

Members present: Representatives Kildee, Owens, Perkins, Bruce, Tauke, and Petri.

Also present: Representatives Jim Olin and Berkley Bedell.

Staff present: Susan Wilhelm, staff director; Carol Lamb, minority legislative associate; Thomas Kelley, majority clerk; and Mark Powden, labor staff director.

Mr. Kildee. The subcommittee will come to order.

The Subcommittee on Human Resources meets this morning to discuss reauthorization of the Community Services Block Grant.

The Community Services Block Grant is distinguished from all other Federal programs in that it has a specific mandate to provide a range of services and activities having a measurable and potentially major impact on the causes of poverty. I think that is what it has well addressed itself to.

Created by the Congress to continue objectives of the Economic Opportunity Act, it was most recently reauthorized in 1984.

Although it was not unexpected, I am deeply saddened that the administration would, once again, recommend the termination of the Community Services Block Grant. That is 4 years in a row they have made this recommendation. They marched up the Hill and we forced them to march down again each year, and that is our plan again this year, to march them down the Hill. Nothing personal to the witnesses, you are reporting to us.

One thing I do object to, though, is that one of the reasons clearly that they are asking that this program be terminated is to loosen some money up for Cap Weinberger.

They are taking money from various programs. Vocational education, for example, they are going to cut in half this year. They also want to terminate this program.

And what are they going to do with the money? They really aren't going to use it to reduce the deficit. They are going to give it to Cap Weinberger. That bothers me a great deal.

We all agree with the need for a first-class defense, but, I think, that we have to really look at the needs of this country in a broad range, rather than a very narrow range that the only thing immune from cuts is the Pentagon.

I think poverty and the war on poverty should be the No. 1 objective of this country and we have to win that war, address ourselves to that war, not just the possibility of other wars that the Pentagon is readying itself for.

So, I will be interested in hearing from all the witnesses on what the impact of the decision would be, because in addition to the elimination of the program, they want a rescission of fiscal year 1986 funds also.

I am sure that, working with Chairman Natcher, we will oppose that rescission. However, I would like to hear from the administration their points of view on it and the people on the other panels, as to how this rescission would affect this year's program.

I welcome all the witnesses and look forward to your statement.

We also welcome to our committee this morning a very distinguished Member of Congress, Jim Olin from Virginia.

Jim, do you want to make a statement at this point?

Mr. **Olin**. Mr. Chairman, perhaps I could make the statement right before Mr. Brand speaks, if that would be all right.

Mr. **Kildee**. Certainly.

Mr. Tauke.

Mr. **Tauke**. Thank you, Mr. Chairman.

Mr. Chairman, as you know, last year when Congress considered the future of the Nation, we decided that when choosing between deficits and the balanced budget, we would choose the balanced budget. It felt that by doing so, when choosing between jobs and no jobs, it was choosing jobs, when choosing between growth and no growth, it was choosing growth, when choosing between opportunity and despair, it was choosing opportunity.

I think Congress made the right decision, to try to change the direction in which we had been headed and to try to bring down our deficit so that we would be unleashing the forces of growth and opportunity for the people of our Nation.

But the process is not an easy one. It is very painful. And so we have to begin to analyze programs to determine whether or not they are fulfilling a need and whether or not they are vital, and whether or not they need to be reformed.

Obviously, my voting record indicates that I agree with you in your comments about growth in the Defense Department. But just because we may not want to put a lot more money into defense doesn't mean that we don't have an obligation to look at the programs within our jurisdiction to see if we can find savings or perhaps find a way to do some things better. And that is what this hearing is about this morning.

I want to thank you for scheduling the hearing and your general cooperation, and I want to thank all the witnesses for coming this morning.

Mr. **Kildee**. Thank you, Mr. Tauke.

Our first witness this morning is Mr. Jerrold Speers, the Acting Director of the Office of Community Services, the Department of Health and Human Services.

We welcome you here again, Jerry, and we are glad to have your testimony.

STATEMENT OF JERROLD SPEERS, ACTING DIRECTOR, OFFICE OF COMMUNITY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. SPEERS. Thank you very much, Mr. Chairman and members of the committee.

If I may ask the committee's indulgence, I would like to read at least a portion of the statement that we have prepared for the committee this morning.

Mr. Chairman and members of the committee, I do appreciate the opportunity to appear before you today to discuss the reauthorization of the Community Services Block Grant.

In its 1987 budget request, the administration is proposing that the CSBG be terminated. In making this proposal, we do not mean to imply that the work of the community action agencies in delivering services to the poor has not been worthwhile.

Quite to the contrary, we emphatically make the point that the termination of the CSBG is not a termination of the CAP agencies, and that effective CAP agencies will continue to administer a host of other Federal programs for the benefit of the poor without the necessity of funds from the CSBG.

The question before this Congress is whether the Federal Government can continue, in the context of the fiscal emergency addressed by Gramm-Rudman-Hollings, to fund a variety of programs which, like the CSBG, are not vital to programs that aid the poor.

Any program ought to be able to pass two tests. It must be unique—that is, nonduplicative of other programs—and it must be an essential program. The CSBG Program fails both tests.

The CSBG duplicates other programs in several ways.

First, the 860 community action agencies which receive nearly 90 percent of the CSBG appropriation use a very substantial portion of this money to help defray administrative costs incurred in delivering programs, such as Head Start, weatherization, and job training, which are supported from other Federal sources, rather than to provide direct services.

In fiscal year 1986, the CAP agencies received approximately $2.4 billion from such other Federal programs, compared to only $335 million received from CSBG funds.

Although the exact percentage of this duplicative use of administrative moneys is not known, the National Community Action Foundation, a lobbying group which represents the CAP network, concedes that as much as 40 percent of all CSBG funds is used for overhead costs, and the GAO has found cases where the percentage is much higher, and that at least three States used 100 percent of their CSBG funds to pay for the administrative costs of other programs.

Those CSBG funds which are not passed on to the States, roughly 9 percent of the total appropriation, are used for direct Federal grants to some 75 to 80 organizations operating projects in distressed areas that are no different from projects funded by such other Federal agencies as HUD, the Department of Agriculture, the Department of Labor, and the Environmental Protection Agency.

In a period of increasing Federal deficits, this kind of duplication is clearly unjustified.

Congress, in authorizing and appropriating funds for these programs, did not assume a CSBG offset but provided sufficient funds to cover all costs, including those for administrative overhead and those for direct services.

The use of two sources of Federal funds to deliver these programs is not only duplicative but makes it extraordinarily difficult for State and Federal auditors to track the proper use of such funds, or to assess the impact of CSBG expenditures on CAP clients and services.

In its 1984 report on the CSBG, the GAO noted, "the direct link between CSBG and providers' services and clients is obscured in many localities because block grant funds are used to pay for the costs of administering other programs."

The problem of costly overlap of social services delivery systems in general, at the State and local level, was noted by the Institute for Local Self Government in its report on the CSBG in June 1982.

The institute commented,

> The human services system in most States is a patchwork of categorical programs, block grant programs, and combinations of the two. The way the system has developed over 17 years has created problems of several programs providing the same services, clients that must receive basic services from as many as five or more different programs, and certain needy populations that receive no service at all.

In a similar vein, the 1983 National Governors Association report commented,

> It is a misnomer to speak of a human services system. The enormous, costly effort to provide services to individuals is actually a patchwork of activities involving many different governmental agencies at the Federal, State, and local level. There is enormous duplication of services and widespread inefficiency in the system, along with a failure to produce the results expected.

Although a limited number of activities now funded under the SSBG, the Social Services Block Grant, differ from those funded under the CSBG, there is clear duplication between the two block grants in the sense that: one, both block grants have as one of their principal purposes the delivery of human and social services; two, both block grants serve essentially the same population, people who are indigent or who have little income; three, both block grants have in common the goal of decreasing dependence on public assistance and encouraging self-sufficiency; and four, both block grants require duplicative regulations and requirements at both the State and Federal level, along with duplicative administrative mechanisms at the Federal and State level.

In fact, an effort to consolidate the delivery of these services is already underway in a number of States.

For all of these reasons, we believe Congress should pursue the idea announced in the first sentence of the SSBG Act and merge the two block grants. The first sentence of the act reads, in part, "For the purposes of consolidating Federal assistance to States for social services into a single grant * * *."

Extensive duplication is also found in the discretionary portion of the CSBG Program. This portion, roughly 9 percent of the total, is used for direct Federal grants to some 75 to 80 private and public organizations operating projects in such areas as community economic development, rural housing rehabilitation and repair, drinking water and wastewater facilities improvement, and assistance to migrant and seasonal farmworkers.

The activities supported by these projects are the same, in kind, as those supported from other funding sources within the Departments of Housing and Urban Development, Agriculture, Labor, and the Environmental Protection Agency.

For example, community-based organizations seeking funds for rural housing rehabilitation and repair projects are eligible for assistance from HUD-administered Community Development Block Grant Program.

In fiscal year 1985, roughly $208 to $260 million in CDBG funds were used for housing rehabilitation and repair projects in rural areas. Funds for such projects are included in the administration's fiscal year 1987 request for $2.625 billion for the CSBG.

Similar duplication is found in funding authorities for economic development projects. In fiscal year 1985, over $500 million in CDBG funds was expended for economic development projects throughout the country that were no different in kind from those currently funded by the CSBG.

Finally, the Department of Labor is requesting for fiscal year 1987 $58.2 million which can be used by private and public organizations to provide employment and training services for migrant and seasonal farm workers.

The above figures yield but one conclusion. The duplication of administrative staffs and Federal monitoring and auditing created by the discretionary authority of the CSBG Act is wasteful and unnecessary, and constitutes another reason for terminating the CSBG.

The foregoing discussion has focused on the issue of duplication. The CSBG also fails the test of essentiality. It is not essential either to the provision of a social safety net or to the continued operation of the community action agencies. Its funding represents only a fraction—less than 1 percent—of the multibillion-dollar programs, such as AFDC, Food Stamps, and Medicaid, which make up the true social safety net and which Congress has exempted from any reductions under Gramm-Rudman-Hollings.

The CSBG is not needed for the survival of those CAP agencies which have been performing effectively. This is evident from the fact that the CSBG accounts, on an average, for only 12 percent of CAP agency funding; 86 percent, or $2.4 billion, of CAP agency funds, including money for salaries and operating expenses, derives from other Federal funding authorities, with 2 percent supplied by State and local governments and the private sector.

To the extent that additional funds may be desirable to supplement programs administered by the CAP agencies, it is encumbent on CAP agencies to do more to mobilize private sector funds and to seek additional support from State and local governments.

It should be pointed out that States and localities are, in general, in much better fiscal shape than the Federal Government and should be able to provide more assistance than in the past for those CAP agency activities deemed essential by a particular State or local government.

According to a fiscal survey conducted in July 1985 by the National Association of State Budget Officers, the Nation's States ended fiscal year 1985 with a balance of about $5.4 billion, while estimates for fiscal year 1986 place the ending general fund balance at about $4.2 billion.

In conclusion, Mr. Chairman, the proposal to terminate the CSBG is a proposal to eliminate a nonessential program which is simply duplicative of other far more substantial Federal programs to help the poor. Its elimination would mean a savings of over $1 billion over a 3-year period.

At a time when the Congress and this Nation are desperately seeking ways to reduce and eliminate an annual deficit of over $200 billion, and when even truly essential programs are being asked to sacrifice, there is simply no justification for continuing to authorize the CSBG.

[The prepared statement of Jerrold Speers follows:]

PREPARED STATEMENT OF JERROLD SPEERS, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today to discuss reauthorization of the Community Services Block Grant (CSBG).

In its FY 1987 budget request, the Administration is proposing that the CSBG be terminated. In making this proposal, we do not mean to imply that the work of the community action agencies (CAAs) in delivering services to the poor has not been worthwhile. Quite to the contrary, we emphatically make the point that the termination of the CSBG is not a termination of the CAAs, and that effective CAAs will continue to administer a host of other federal programs for the benefit of the poor without the necessity of funds from the CSBG. The question before this Congress is whether the Federal Government can can continue, in the context of the fiscal emergency addressed by Gramm-Rudman-Hollings, to fund a variety of programs which, like the CSBG, are not vital to programs that aid the poor.

Any program ought to be able to pass two tests: It must be unique, that is, non-duplicative of other programs, and it must be an essential program. The CSBG Program fails both tests.

The CSBG duplicates other programs in several ways. First, the 860 community action agencies (CAAs) which receive nearly 90% of the CSBG appropriation use of a very substantial portion of this money to help defray administrative costs incurred in delivering programs, such as Head Start, weatherization, and job training, which are supported from other Federal sources, rather than to provide direct services.

In fiscal year 1986, the CAAs received approximately $2.4 billion from such other federal programs as Head Start, the Low Income Home Energy Assistance (LIHEAP) Program and the Job Training and Partnership (JTPA) Program compared to only $335 million received from CSBG funds.

Although the exact percentage of this duplicative use of administrative monies is not known, a 1984 National Governors Association report spoke of the "traditional" practice (on the part of CAAs) of using community services funds to finance core staff to plan and administer a variety of other programs. The National Community Action Foundation, a lobbying group which represents the CAA network, concedes that as much as 40% of all CSBG funds is used for overhead costs, and the GAO has found cases where the percentage is much higher. A GAO report on the CSBG issued in August, 1984 states that at least three states used 100% of their CSBG funds to pay for the administrative costs of other programs. According to the GAO, "Self Help, Inc., in Brockton, Massachusetts said at least 80% of its CSBG funds were used to administer other programs" while "West Central Development Corporation in Harlan, Iowa...used almost all of its CSBG funds to support other federal programs."

Those CSBG funds which are not passed on to the States — roughly 9% of the total appropriation — are used for direct Federal grants to some 75-80 organizations operating projects in distressed areas that are no different from projects funded by such other Federal agencies as HUD, the Department of Agriculture, the Department of Labor and the Environmental Protection Agency.

In a period of increasing federal deficits, this kind of duplication is clearly unjustified. Congress, in authorizing and appropriating funds for these programs, did not assume a CSBG offset but provided sufficient funds to cover all costs, including those for administrative overhead and those for direct services. The use of two sources of Federal funds to deliver these programs is not only duplicative, but makes it extraordinarily difficult for State and Federal auditors to track the proper use of such funds, or to assess the impact of CSBG expenditures on CAA clients and services. In its 1984 report on the CSBG, the GAO noted that "the direct link between CSBG and providers' services and clients is obscured in many localities because block grant funds are used to pay for the costs of administering other programs."

The claim is sometimes made that if the CSBG were terminated and the CAAs were to use their full share of the overhead allowed under other programs, there would be less money for the direct services provided under these programs. We are not aware of any factual data that supports this theory. It is noteworthy that CAAs, which once delivered 60 to 70% of Head Start programs, now deliver only 55% of these programs and serve only 42% of all Head Start enrollees. This decline s difficult to reconcile with the claim that the presence of CSBG funds reduces the administrative overhead in Head Start programs. In fact, these programs frequently make use of providers other than CAAs to deliver the same services at least as efficiently and sometimes at less cost, without the benefit of CSBG funds.

The problem of costly overlap of social services delivery systems in general, at the State and local level, was noted by the Institute for Local Self Government in its report on the CSBG in June, 1982. The Institute commented: "The human services system in most States is a patchwork of categorical programs, block grant programs and combinations of the two. The way the system has developed over seventeen years has created problems of several programs providing the same services, clients that must receive basic services from as many as five or more different programs and certain needy populations that receive no service at all."

In a similar vein, a 1983 National Governors Association report commented: "It is a misnomer to speak of a human services system. The enormous, costly effort to provide services to individuals is actually a patchwork of activities involving many different governmental agencies at the federal, State and local level. There is enormous duplication of services and widespread inefficiency in the system, along with a failure to produce the results expected."

Nowhere is this kind of duplication more apparent than in the case of CSBG and the SSBG. For example, the State of Iowa, in a letter to OCS written in December, 1983 lists the following activities that are funded from both the SSBG and CSBG: Volunteer child day care, family planning, health-related services, home management information and referral, transportation and chore services. Although a limited number of activities now funded under the SSBG differ from those funded under the CSBG, there is clear duplication between the two block grants in the sense that: (1) both block grants have as one of their principal purposes the delivery of "human" and "social" services; (2) both block grants serve essentially the same population — people who are indigent or who have little income; (3) both block grants have in common the goal of decreasing dependence on public assistance and encouraging self-sufficiency; and (4) both block grants require duplicative regulations and requirements at both the State and federal level, along with duplicative administrative mechanisms at the federal and State level.

The Administration has proposed to amend the SSBG Act to make it clear that States will be allowed to use SSBG funds to support virtually all of the relatively few types of services now funded under the CSBG which are not paid for from other federal funding sources. An effort to consolidate the delivery of these services is already underway in a number of States. For example, a January 1982, report on the SSBG by the American Public Welfare Association notes that "Kentucky and Massachusetts are looking at ways to eliminate duplication of services provided under Title XX (now the Social Services Block Grant) and under the Community Services Block Grant" (parenthesis added).

Termination of the CSBG would not only accelerate the trend toward consolidation of CSBG and SSBG activities at the State and local levels, and render the delivery of services at these levels more efficient and less costly, but it would also produce significant savings at the federal level through the elimination of duplicative staffs and regulations. Finally it would give the States much more flexibility in choosing providers and in developing a mix of services best suited to the unique economic and social needs of a particular State. For all of these reasons, we believe Congress should pursue the idea announced in the first sentence of the SSBG Act and merge the two block grants. The first sentence of the Act reads, in part: "For the purposes of consolidating Federal assistance to states for social services into a single grant...".

Extensive duplication is also found in the "discretionary" portion of the CSBG Program. This portion, roughly 9% of the total, is used for direct federal grants to some 75-80 private and public organizations operating projects in such areas a community economic development, rural housing rehabilitation and repair, drinking water and waste water facilities improvement, and assistance to migrant and seasonal farmworkers. The activities supported by these projects are the same, in kind, as those supported from other funding sources within the Department of Housing and Urban Development (HUD), Agriculture, Labor and the Environmental Protection Agency (EPA). For example, community-based organizations seeking funds for rural housing rehabilitation and repair projects are eligible for assistance from HUD-administered Community Development Block Grant (CDBG) Program. In FY 1985, roughly $208-260 million in CDBG funds was used for housing rehabilitation and repair projects in rural areas. Funds for such projects are included in the Administration's FY 1987 request for $2.625 billion for the CDBG.

Similar duplication is found in funding authorities for economic development projects. In FY 1985, over $500 million in CDBG funds was expended for economic development projects throughout the country that were no different in kind from those currently funded by the CSBG. Finally, the Department of Labor is requesting, for FY 1987, $58.2 million which can be used by private and public organizations to provide employment and training services for migrant and seasonal farmworkers.

The above figures yield but one conclusion: The duplication of administrative staffs and federal monitoring and auditing created by the discretionary authority of the CSBG Act is wasteful and unnecessary and constitutes another reason for terminating the CSBG.

The foregoing discussion has focused on the issue of duplication. The CSBG also fails the test of essentiality. It is not essential either to the provision of a social safety net or to the continued operation of the community action agencies. Its funding represents only a fraction -- less that 1% — of the multi-billion dollar programs, such as AFDC, food stamps, and Medicaid, which make up the true social safety net and which Congress has exempted from any reductions under Gramm-Rudman-Hollings.

The CSBG is not needed for the survival of those CAAs which have been performing effectively. This is evident from the fact that the CSBG accounts, on an average, for only 12% of CAA funding. Eighty six percent or $2.4

billion of CAA funds -- including money for salaries and operating expenses -- derives from other federal funding authorities, with a 2% supplied by State and local governments and the private sector.

To the extent that additional funds may be desirable to supplement programs administered by the CAAs, it is incumbent on CAAs to do more to mobilize private sector funds and to seek additional support from State and local governments. It should be pointed out that States and localities are, in general, in much better fiscal shape that the Federal government and should be able to provide more assistance than in the past for those CAA activities deemed essential by a particular State and local government. According to a fiscal survey conducted in July, 1985 by the National Association of State Budget Officers, the nation's States ended FY 1985 with a balance of about $5.4 billion, while estimates for FY 1986 place the ending general fund balance at about $4.2 billion surplus projected for the thirty States which have established "rainy day" funds.

Apart from the question of the fiscal capacity of the various States to offset some of the reduction in Federal grant programs, the kinds of services provided under the CSBG are more appropriately administered and funded at the State and local level. In the words of a recent report by the Committee on Federalism and National Purpose chaired by Senator Daniel Evans of Washington and former Governor Charles Robb of Virginia, "By placing significant financial...responsibility for (social services) programs with the federal government, the intergovernmental system skews priorities, creates delays and often raises costs through complex bureaucratic procedures...It is essential to transfer (to the States) financial as well as policy and administrative program responsibilities. As long as the financial umbilical cord to the federal government remains, community development, local infrastructure and social service programs will continue to contribute to the intergovernment tangle. Cutting that cord by devolving (to the States) a substantial number of these programs would advance a wide range of national purposes".

In conclusion, Mr. Chairman, the proposal to terminate the CSBG is a proposal to eliminate a non-essential program which is simply duplicative of other far more substantial federal programs to help the poor. Its elimination would mean a savings of over $ 1 billion over a three year period. At a time when the Congress and this nation are desperately seeking ways to reduce and eliminate an annual deficit of over $200 billion, and when even truly essential programs are being asked to sacrifice, there is simply no justification for continuing to authorize the CSBG.

Mr. **Kildee**. Thank you, Jerry.

In your testimony you cite research by the National Governors Association in support of your position that the CSBG duplicates the Social Service Block Grant.

I contacted the NGA to ask them about that research, and I have a letter from the executive director of the National Governors Association indicating that the administration's statements regarding duplication do not accurately reflect the NGA's research.

Let me just read one paragraph from the letter from the National Governors Association. It says:

> Even when duplication occurs, it relates to overlapping administrative procedures and not the provision of unnecessary services. As a result, eliminating any portion of the total resources reduces services to certain needy individuals and families, but eliminates no duplication of services even if the nature of the services are the same. That is, even though you could legally use a dollar of CSBG funds and a dollar of SSBG funds for the same services, if there is only a dollar of SSBG funds then only half the clientele will receive services and the other half will receive none.

So, they indicate there is really no duplication of services here, that it really reduces the services to the recipients.

Would you care to comment on their statement as to that?

Mr. **Speers**. I appreciate you bringing that up, Mr. Chairman. I think the letter, at least the portion of the letter that you did read substantiates what our point is, and that is that where there is duplication, it is a duplication and an overlap in administrative types of activities, and that the actual service that is provided may in fact be somewhat different.

In fact, for example, a CAP agency may use weatherization funds for weatherization, but CSBG dollars for contributing to the administration of the Head Start, for example.

But the point that the administration is making is that all of these services are in fact similar in kind and that in the situation where you have the necessity to prioritize among what services are to be provided, that the States ought to have that flexibility and should indeed have the flexibility to make those choices.

Mr. **Kildee**. Do you know whether the administration proposes to increase SSBG or increase the other programs that CSBG provides administrative services for?

Mr. **Speers**. The budget that has just been submitted does, in fact, increase the SSBG and restores the SSBG to its 1985 level, which restores the sequestration that has occurred in the 1986 appropriation.

Mr. **Kildee**. But it would in no way match the combined amount of money for CSBG and SSBG?

Mr. **Speers**. Well, we certainly do not make the case, Mr. Chairman, that we are providing the same amount of money as both the SSBG and the CSBG would provide.

It is, in fact, the position of the administration that we are reducing the Federal deficit and, in fact, is the reason why we are suggesting that this particular program be zeroed out and there could be money reduced.

Mr. **Kildee**. Both management and the people receiving the services will be receiving a less amount of money as a result of the budget recommendations of the President.

Mr. **Speers**. We feel that the services that will be provided to the poor will indeed be those services that are necessary to be provided to the poor. But as to the other, there will be approximately $335 million less with the elimination of the CSBG.

But the point that we are making is that the other programs that do exist to substantiate the safety net and the billions of dollars are those programs that should continue to exist and that the administration is supporting and, in fact, as I mentioned, in which it is recommending an increase in.

Mr. **Kildee**. Well, it would be $335 million less, and I can assure my people out there, and I have poor people in my district, but I can assure them that despite that there will be $335 million less, not to worry?

I wish I could convince Cap Weinberger of that, say, don't worry, Cap, rather than giving you a 2-percent increase, we are going to give you a 2-percent decrease, but there is a safety net in there, we are going to cut off duplication. You know, let's say B-1 and MX, take your choice.

CSBG and SSBG, you are asking us to make a choice. Why don't we give Cap Weinberger such a choice—I know they are in another department—but, you know, we have to look at the overall thing. What really bothers me, and why I still have a moral commitment, is that this $335 million is going to wind up across the river, that is exactly where it is going to go. And you are trying to convince us—and I know, Jerry, you are doing your job and I am not criticizing you personally. I am criticizing the administration, the policy. But you are trying to convince this committee that the $335 million less for poor people will not have any real effect on what we are trying to do for them in helping them do for themselves, to eliminate the causes of poverty which is the purpose of this program. And I think it has done well in that.

I really am not convinced of your argument.

Mr. **Speers**. Well, Mr. Chairman, I think the decision as to where that $335 million will go is up to the Congress to make, whether it goes into defense or into some other domestic programs, or if in fact Congress follows the lead of the administration by having the $335 million would go to reducing the Federal deficit, the $200 billion deficit that we have this year, and that is the only reason that the administration is proposing the elimination of this particular program.

Mr. **Kildee**. You are certainly correct that Congress will make that decision. But if we were to look at the President's budget, the one he sent up to us yesterday, you find a 2-percent actual increase after inflation for the Pentagon.

And eliminating $335 million here. One would think that probably the bean counters down there were trying to get that 2-percent actual increase from this program. That is a fairly logical conclusion, would you not say?

Mr. **Speers**. Well, you are certainly right that I am not an expert in the Defense Department and I am not prepared to defend their budget.

I would note that Secretary Weinberger has made a number of comments that, in fact, the Defense Department has reduced its requests and its budget, as well, in response to the urging of Congress.

Mr. KILDEE. Well, I wish that OMB and the White House were as concerned about so-called duplication in that agency as they are in other agencies.

Mr. SPEERS. Well, I do think that they are, Mr. Chairman. There may be some disagreement as to how effective we are in both the domestic and the military side.

Mr. KILDEE. Mr. Tauke.

Mr. TAUKE. Thank you, Mr. Chairman.

I want to thank you for your testimony this morning, and I have a few questions.

First of all, on the suggestion that SSBG funds be used as an alternative to CSBG, do the CAP agencies get a substantial amount of SSBG funds?

Mr. SPEERS. The primary delivery of services through the SSBG funds are local governments passed through from the States.

However, in many instances the local governments in fact turn around and subcontract with CAP agencies to use those SSBG funds as well.

Mr. TAUKE. I understand that happens. What I am trying to get a handle on is how often that happens? Is there much flowthrough of those SSBG funds to the CAP agencies?

Mr. SPEERS. I do not have those figures with me, Congressman. I would point out, though, that the main thrust of what we are saying is not necessarily just SSBG funds.

The $2.7 billion of SSBG funds go to serve the same clientele and the same population, the low-income population of the country, as the CSBG funds. But the point that we are making primarily with respect to CAP agencies is that not only are they using CSBG funds but they also operate a host of other Federal programs.

Mr. TAUKE. I understand that, and that is the next point I want to get to. Obviously, we want to make whatever dollars we spend go as far as they can, and we ought to make whatever reforms are necessary to make sure that the services are delivered in the best possible way and with the least cost of delivery.

When I talk to my CAP agencies, what they say to me is, well, we have got this much money for this program A and we get a little money for program B, and some money for program C, but if you are going to keep the whole ship together in order to keep it floating along to be able to sail for program A, program B, and program C, you have to have some source of ongoing money.

And that is what they see in substantial part as the purpose of the CSBG Program.

I guess the first half the question is, how do you react to that?

The second part of the question is, what happens when you get some funds that come in and don't have any administrative moneys attached to them?

The Court apparently is going to distribute money in the *Exxon* case, about $2 billion, to go back to people in low-income energy assistance and other ways, and the Court says no administrative costs come out of this money.

There isn't any source of money for an agency then to use for the administration of that kind of program.

So, how do you deal with those two particular kinds of responses to your request?

Mr. SPEERS. Well, the first response is that the other programs that the CAP agencies do operate, such as Head Start, weatherization, et cetera, do, in fact, have administrative funds that are attached to those, and the Congress in passing those programs has set aside and has passed administrative funds.

In general, those administrative funds range from 10 to 15 percent on these programs.

With respect to your comment on the Exxon Court settlement, I think that if that does, in fact, become distributed through the Weatherization Program, even though those particular funds may not be utilized for administrative costs, the program itself does have administrative funds attached to it. And the providers of the weatherization should be able to use those administrative funds to be distributing the additional moneys that come into that program.

Mr. TAUKE. Thank you, Mr. Chairman.

Mr. OLIN. Mr. Chairman, do you mind if I ask one question?

Mr. KILDEE. Sure, Mr. Olin, go ahead.

Mr. OLIN. Thank you very much.

Before I ask the question, I would like to point out where I am coming from on this subject. I represent an area in western Virginia, in Roanoke, and am well acquainted with the efforts of the CAP agency there. Also, I happen to be responsible for representing the agency in Lynchburg that covers central Virginia.

I just want to ask, Mr. Speers, you have indicated that one of the basic facts here is that services are duplicated, that these agencies act as an integrated force for a number of Federal activities and that there is some overlap.

I think the real essential here is whether or not these agencies that have evolved over the last 20 years or so—have evolved into a structure that is peculiarly effective in encouraging self-sufficiency of low-income people, those that have been deprived of the strength of functioning in our economy that we would like to see.

My impression has been that the broad scope of activity that has evolved and integration of activities has made these CAP agencies unusually effective in graduating people from their programs into taxpaying jobs.

And I would just like to ask you, Mr. Speers, to what extent you have evaluated the actual effectiveness of these kinds of organizations, without regard to whether they might be integrating or duplicating services.

Isn't it a fact, or have you found it is a fact, as I have, that they really are quite effective in accomplishing the purpose intended? Would you comment on that question?

Mr. SPEERS. Thank you, Congressman. I would be happy to, and, I think, I don't want to leave this hearing with the impression that we are in any way trying to eliminate CAP agencies or suggesting that they have not been effective or that they have not been worthwhile. That is not the intent of the thrust of this suggestion and, in fact, we have indicated that we believe that the elimination of the CSBG funds would not result in the elimination of the CAP agencies, or should not result in the elimination of the CAP agencies, simply because the host of Federal programs that they do operate do provide administrative funds with those programs.

When you look at the structure of the CAP agencies, it is really very difficult—and you look at the integration of the funds that they receive, it is difficult to pick out what administrative funds come from what source, because all of these funds come in from a host of programs and CAP agencies operate with all of those funds.

We do believe that the CAP agencies would continue to do what they have been doing and would be able to administer the programs as they have in the past.

But, I think, it is important for the committee to have in perspective as well, however, when you look at the low-income population of the country and the services that are being provided for the low-income population of the country—and I want to be careful in saying that I in no way am derogatory toward the work the CAP agencies are doing but, I think, it is important to note in perspective that they are not the only organizations that are serving the low-income population in this country.

When you look at the Federal programs that do exist, such as Head Start, the emergency food and shelter programs that are going on, the Meals-on-Wheels that the chairman has indicated in the past that has been important, you find that CAP agencies, while they do operate these programs, they are not the only ones that are operating these programs.

For example, with Head Start, the CAP agencies serve about 42 percent of all the Head Start enrollees. They represent about 55 percent of the contractors for Head Start programs.

In the emergency food and shelter, for example, CAP agencies really constitute only about 7 percent of the providers of those funds, of $300 million that has been given for emergency food and shelter.

And with the Meals-on-Wheels Program, of the $400 million a year for the elderly, 91 CAP agency are involved in that program. Of the 800 to 900 CAP agencies in this country, 91, or 9 percent, are the contractors for that particular program.

So, while the CAP agencies, in fact, are serving the poor and are carrying on these programs, it should be noted in perspective that they are not the only providers for these programs for the low-income population of the country.

Mr. Olin. Mr. Chairman, I am not sure that the witness really responded to my question. I won't pursue it further. But the issue is not whether the agencies are serving the poor. The issue is the effectiveness of that as opposed to other options. And I think the department and the administration should be taking that into account, as well, and Congress certainly will as we try to figure out what are the key priorities for the limited funds we have available.

Thank you very much, Mr. Chairman.

Mr. Speers. Well, I do think they are being effective, Congressman, and, I think, the point that we are making is that the administrative funds for these programs are included with these programs and do flow to the CAP agencies.

Mr. Olin. If they are effective, if they are the most effective, then that wouldn't be the thing you would try to take to zero first, would it?

Mr. SPEERS. Well, these other programs we are not zeroing, and we are saying that they should use the administrative funds that are provided in these programs to administer those programs.

Mr. OLIN. Thank you, Mr. Chairman. I think some of the other witnesses will talk to this point.

Mr. KILDEE. All right. Thank you, Mr. Olin.

My experience has been that on the local level very often, generally I would say, and on the State level in many cases, the centralized administration provided by the State office for CSBG, the centralized office there, or the local CAP councils, provide very cost-effective administration for these other programs, much more cost effective than if you had administration in each one of these separate programs.

So, I would think from a cost-effective point of view we should try to reserve that administrative central services that the CAP's are providing because they are receiving the CSBG funds.

I can recall when cheese was being distributed. There were originally no administrative costs for that from USDA, but the CAP councils very often were the agency that provided really good distribution of those cheeses, paying the administrative costs there.

So, I think, that is a very cost-effective type of administration, rather than having each one of these programs have its own administration when the CAP council is willing to give them that central administration.

Mr. SPEERS. Mr. Chairman, I certainly agree with that, and I think, that the centralized administration would continue, because the CSBG is not the only source of administrative funds for these organizations.

They get the administrative funds from the programs that they administer and the administration would still be centralized in that CAP agency.

I would like to say that the effort on behalf of the administration is to expand that conservation of sources to the State level and to the Federal level, as well, because at the State level you have a duplication of the administration.

Some of the States are moving into combining the administration of these services so that there is not the duplication there. But at the Federal level we do have the duplication of the administration. We have $4.3 million that is operating the Office of Community Services. We have a duplication of regulations that exist and all of the costs of publishing those regulations and following them. We would like to expand that conservation of resources and combine that to have a single administration of these services for the poor.

Mr. KILDEE. You say these services, central administrative services, would continue. But last year, when the distribution of the CSBG funds was held up just 4 months, just 4 months, in Michigan one community service agency was forced to close.

So, they don't have a great deal of cushion there, you know. One was forced to close, one set a closing date, and seven others had to go to the banks for loans. So, I don't think there is that much margin, if these funds are cut that would allow them to they can continue to provide those services.

Mr. SPEERS. Well, I understand that situation and I did look into it. I think the provision of other funds for administration, if there were enough leadtime for some planning and for understanding of what the amount of moneys were going to be and the cash-flow was going to be, that that situation would not exist.

In that particular instance, there was a termination or a holding up of the funds in the cash-flow, and because of the cash-flow situation some of the CAP agencies experienced problems.

Mr. KILDEE. The ultimate cash-flow problem is when there is no cash flowing.

Mr. SPEERS. That is correct. But again, I think with the planning and the understanding of the amount of money from these other programs that are available for administrative purposes, that that should not occur.

Mr. KILDEE. Major Owens.

Mr. OWENS. Yes. Mr. Speers, could you elaborate a little bit on that one example that you used? Head Start, for example, which 55 percent of Head Start agencies, you said, are contracted to community action agencies. And you say that there are administrative funds that the Head Start programs have which can go to any agency that happens to be the sponsor of the program. I think you said that.

Head Start is facing a tremendous cut under the Gramm-Rudman formulas. Head Start only now serves a small portion of the youngsters who are eligible or who need it.

Are you saying that there would be no erosion of the Head Start funds available if these community action agencies are wiped out and they are transferred to other sponsors?

For example, the likely sponsor in New York City would be the board of education. The board of education's fringe benefit package for its employees alone is almost twice the fringe benefits paid to the Head Start employees. That cost would have to be absorbed, which means a number of Head Start youngsters who could be covered would go down.

Other salaries in the board of education, from the custodian to the administrators, are much higher than the salaries paid for the Head Start people. Those costs would have to be absorbed off the top.

So, you are talking about a drastic reduction in the Head Start Program on top of all of the other forces that are in motion now that will reduce the program.

Or am I wrong? Do you find these administrative costs can be shifted from the community action agencies—have you done a study to show that they can be shifted to other agencies and the administrative overhead would not go up?

Mr. SPEERS. The point that the administration is making is that in the Head Start Program there are administrative funds that the Congress has set aside for administration of that program. Up to 15 percent of that program may be used for administrative funds. And whatever agency happens to be administering the Head Start Program, whether it be a CAP agency—and 55 percent of the providers for the Head Start are CAP agencies.

But whether it be a CAP agency or one of the other agencies that is a provider for the Head Start Program, it may use up to 15 percent of that program or the funds available for the administration of that program.

Mr. **Owens**. What I am saying is that my experience, personal experience as a former CAP director, my reading since then of the way Head Start Programs are administered and the way CAP programs are administered, and the statistics that I have seen show conclusively that most agencies cannot administer a Head Start Program with a 15-percent overhead.

Do you have statistics or figures that show differently?

Mr. **Speers**. I think the fact that 45 percent of the providers of the Head Start Program are solely providers of the Head Start Program, exist to provide the Head Start Program, are not CAP agencies, and do not receive moneys from other programs, belies that fact.

They do operate the program on the 15-percent operating costs that are allowed for the administration of that program.

In fact, studies have shown that in many cases the providers who are not CAP agencies have been able to do a better job of providing the Head Start Program and on a more efficient basis than has been the case with some CAP agencies where they do have additional moneys available for administration of that program.

So, the fact that 45 percent of the Head Start providers are not CAP agencies shows that in fact it can be administered for the 15-percent funds that the Congress itself has said is the amount that we want to have go into the administration of this particular program.

Congressman, I think I would like to mention also, on your comment about the Head Start Program being cut back, it has been subject to the Gramm-Rudman-Hollings sequester, but in fact the budget that the administration has presented to Congress yesterday restores the Head Start Program to its fiscal year 1985 levels, those levels prior to the sequestration.

So, that is not one of the programs that the administration is suggesting be cut back. In fact, we are asking the Congress to take a hard look at the various programs that do exist, to not let Gramm-Rudman-Hollings be the determining factor as to what programs are going to continue, but to make the choices. And the choice that the administration is presenting is that Head Start should be increased, should go back to its original levels.

In order to accomplish that, one of the programs that we are saying is duplicative and nonessential and where you can recognize and realize the savings of $1 billion over a 3-year period is the CSBG.

Mr. **Owens**. Mr. Chairman, I just want to thank you. Since the Nixon administration initiated the intense hostility toward the community action programs they have all been underfire for those many years, and the only ones that still exist are those that are doing a job that nobody else can really do.

Whether other agencies can do it or not, they won't do it, and you are down for the agencies which are serving a function that nobody else will serve. And to cut those is definitely to strike at the heart of the programs that are available for the people who are most in need.

Thank you.

Mr. **Kildee**. I would agree. I think there may be more of a hope on the part of some in the administration that these things will survive. I don't know of any data really, it is just a hope and a guess, maybe some don't even hope. I think there are some over there who guess it might survive but don't provide any real data. And again, I harp on this all the time, you know, Cap doesn't go on guessing. When in doubt, add, he feels. When in doubt, add. And the other programs, when in doubt, subtract. And that bothers me a bit.

Mr. SPEERS. Well, Mr. Chairman, the data that I think I would respond to with respect to that is the fact that the CSBG funds represent 12 percent of the funds that the CAP agencies receive from the various programs.

Mr. KILDEE. Did you ever try to cut 12 percent out of your own budget?

Mr. SPEERS. I agree; 12 percent is 12 percent.

Mr. KILDEE. That is a lot of money, if you are going to cut 12 percent out of the budget. You know, very often agencies are operating on a very marginal situation and there is no fat. There are no commissaries, there are no fancy places. This is a very lean operation.

I go through my CAP office there in Flint, MI, and they don't have plush quarters. It is a very lean operation, very, very lean.

The term "poverty program" is read all over the office. You can see it is a poverty program. Twelve percent, that is going to be a real cut. If it was even just 12 percent, that is a large cut.

Again, Weinberger would be crying, a 12-percent cut over there, my heavens, he would yell, the Russians are coming.

Mr. SPEERS. I would like to comment that this is certainly not a vendetta against the CAP agencies or a continuation, if that is the proper allegation against the CAP agencies.

The 12 percent is not necessarily a 12-percent cut of administrative funds of the CAP agencies, and I would simply say, again, that the other moneys that the CAP agencies receive to operate the various programs that they do operate, contained within those appropriations are what the Congress itself has said should be the amounts that would be enabling the CAP agencies or any other provider to provide the administration of those particular programs.

So, they are still receiving those funds, they are still receiving that percentage to administer those particular programs, and we believe that they should be able to continue to operate in the manner in which they have.

Mr. KILDEE. Jerry, thank you for your testimony. We obviously feel very strongly on both sides here. I think this committee is a very sensitive committee to human needs. I believe Government's prime role is to promote, defend, protect, and enhance human dignity, and that is what I think these programs have been doing.

So, I am an advocate for the program. I am a shameless advocate of it. I don't pretend to be a neutral judge up there. That is one nice thing about being in the legislative body. I am a shameless advocate for these programs.

My advocacy comes from experience, really. I have seen the quality of life for many people in my district improved because of these funds, and I am really going to fight for them.

Jerry, I am going to submit some other questions to you in writing, if you would answer those.

Mr. **Speers.** I would be happy to respond, Mr. Chairman.

Mr. **Kildee.** In probably about 20 days.

Mr. **Speers.** I appreciate the courtesy and the opportunity to come before the committee. Thank you.

Mr. **Kildee.** Thank you very much.

Without objection, the letter from the National Governors Association will be included in the record.

[The National Governors Association letter follows:]

National Governors' Association

John Carlin
Governor of Kansas
Chairman

Raymond C. Scheppach
Executive Director

June 26, 1985

The Honorable Dale E. Kildee
Chairman, Subcommittee on Human Resources
Committee on Education and Labor
U.S. House of Representatives
402 Cannon Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your May 20, 1985 letter requesting our comments on Dr. Harvey Vieth's statements with regard to research conducted through the National Governors' Association concerning the Community Services Block Grant.

First, the National Governors' Association's general policy on the budget calls for holding FY 1986 appropriations for non-defense discretionary spending to the FY 1985 level and increasing such appropriations at one-half the rate of inflation for the FY 1987-1990 period. Thus, NGA policy supports continuing the Community Services Block Grant (CSBG) and opposes substituting the Social Services Block Grant (SSBG) for the CSBG.

Dr. Vieth's assertions and conclusions that the 1983 survey results and August 1983 grant proposal to his agency support the idea that the CSBG resources duplicate those of the SSBG does not accurately reflect the National Governors' Association's research. That research, which was funded by Dr. Vieth's Office of Community Services, described state implementation of the CSBG in 1982 and 1983, but did not state or imply any recommendations for federal policy. Thus, Dr. Vieth's conclusions are his own and they differ significantly from our own evaluation of the continued importance of the CSBG program.

While our report in 1983 does support, in general, the concept that services provided by agencies close to their target populations are usually more effective, this item in the report in no way supports eliminating CSBG. In fact, one of the strengths of the CSBG program is its close tie to the localities they serve. Similarly, while NGA's August 1983 grant proposal points out accurately that there are numerous federal, state and local agencies providing services which are costly and all too often demonstrably ineffective, that grant proposal language addressed the need for better coordination of a whole range of service activities. At no time did we suggest that we would support elimination of CSBG or cite examples of specific duplication in the CSBG and SSBG.

Even where duplication occurs, it relates to overlapping administrative procedures and not to the provision of unnecessary services. As a result, eliminating any portion of the total resources reduces services to certain needy individuals and families, but eliminates no duplication of services even if the nature of the services are the same—that is, even though you could legally use a dollar of CSBG funds and a dollar of SSBG funds for the same services, if there is only a dollar of SSBG funds, only half of the clientele will receive services and the other half would receive none. That is not reducing duplication, it only reduces services.

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Second, CSBG funds typically support services to the able-bodied while SSBG funds support services mostly for the physically and mentally dependent populations as well as the very young and very old. This difference in clientele is clearly an outgrowth of the different purposes of each statute. CSBG is designed to develop programs to reduce poverty itself. SSBG is designed to reduce the onerous effects of poverty.

Third, the CSBG funding is extremely flexible at the local level. The Governors support the reforms enacted in the CSBG statute last year which provided state governments more flexibility to administer the CSBG while at the same time maintaining the pass-through requirement. One of the major reasons the pass-through works for the objectives of state government is that the local community action agencies typically administer programs planned and funded through state agencies like the Low Income Energy Assistance and Weatherization programs and the Emergency Food Commodity Distribution program. The SSBG statute primarily supports direct services and does not allow for the coordinative role for which the CSBG money is used.

Another duplication argument stressed by Dr. Vieth regards his conclusion that since community action agencies use CSBG funding primarily for coordination and administration of other programs which typically set aside administrative funding for state and/or local administration, CSBG is duplicating those administrative dollars. He cites NGA's 1983 study finding that 12 percent of community action agency funding comes from CSBG funds which are usually used for core staff and operating costs, but in many cases are used for direct services. Without describing the details of the restrictions on administrative funding for those programs typically administered by community action agencies, and without listing the hundreds of different services and coordination activities implemented by such agencies, it is necessary to understand that those CSBG funds are essential to the operation of those community action agencies. While the 12 percent figure is accurate, it is an average, and therefore many community action agencies function with a much higher percentage of their funding from CSBG. Thus, losing the CSBG funding would even be more critical for them.

The National Governors' Association strongly opposes the notion that the CSBG can be eliminated because it duplicates SSBG services or duplicates administrative funds under other federal and state programs. As noted above, NGA believes that eliminating CSBG only reduces services, not duplication.

If you have any further questions or would like to discuss this letter, please call Mr. Barry Van Lare, Staff Director, Committee on Human Resources at NGA at (202) 624-5342.

Sincerely,

Raymond C. Scheppach
Executive Director

Mr. KILDEE. We are going to combine two panels now. We will combine what we have as panels II and III, and they may take their seats as I call their name.

Mr. Cabell Brand, president and chairman of the Stuart McGuire Co., Inc., Salem, VA; Mr. Herschel Saucier, Office of Community, Intergovernmental and Public Affairs, the Georgia Department of Human Resources, Atlanta, GA; Ms. Caroline Lewis, executive director, Community and Family Services, Portland, IN; and Mr. Don Sykes, executive director, Community Development/Social Development Commission, Milwaukee, WI.

And for the purpose of welcoming and introducing one of our witnesses, I call on Mr. Olin again.

Mr. OLIN. Thank you very much, Mr. Chairman. I appreciate this opportunity to introduce to the committee Mr. Cabell Brand. He is an old friend to this committee over the years but he may be new to several of the committee members.

He is a businessman, one of the major businessmen in the Roanoke Valley. For the last 20 years he has been president of the CAP organization in the Greater Roanoke Area, which is called, Total Action Against Poverty.

That organization encompasses an area of 20 different governmental units, including 6 cities in western Virginia, and to my firsthand knowledge is one of the most—maybe the best one—but it is one of the most effective CAP organizations probably in the country.

I think you will be very much interested in what Mr. Brand has to say.

Welcome, Cabell.

Mr. KILDEE. Mr. Brand, you may begin the testimony for the panel.

STATEMENTS OF CABELL BRAND, PRESIDENT AND CHAIRMAN, THE STUART McGUIRE CO., INC., SALEM, VA; HERSCHEL SAUCIER, FEDERAL LIAISON, OFFICE OF COMMUNITY, INTERGOVERNMENTAL AND PUBLIC AFFAIRS, GEORGIA DEPARTMENT OF HUMAN RESOURCES, ATLANTA, GA; CAROLINE LEWIS, EXECUTIVE DIRECTOR, COMMUNITY AND FAMILY SERVICES, PORTLAND, IN; AND DON SYKES, EXECUTIVE DIRECTOR, COMMUNITY DEVELOPMENT/SOCIAL DEVELOPMENT COMMISSION, MILWAUKEE, WI.

Mr. BRAND. Mr. Chairman, may I give you copies of my prepared remarks?

Mr. KILDEE. Certainly. Thank you. You may summarize, as you wish, and your prepared remarks will be included in the record.

Mr. BRAND. I am sorry that Mr. Speers has left and am also sorry that there are no Republicans here. I don't know what you can do to see that both my written testimony and what I say will be read by the House minority and by the administration, but I would certainly request that.

Mr. KILDEE. I think Mr. Tauke will read it. He is the ranking minority member of the committee and is a person who has also sensitivity to the problems. His staff director, Carol, is here today also.

Mr. **Brand**. Mr. Chairman, what I would like to do with the time available to me, rather than read my prepared testimony, is address some of the points that Mr. Speers made and then just summarize my remarks for the committee.

Mr. **Kildee**. Fine.

Mr. **Brand**. First, I would like to compliment you on your opening statement, that you agree that the war on poverty is the No. 1 objective in the United States. I agree with that. I think it is a very statesmanlike position and I compliment you on that.

I would also like to compliment Mr. Tauke, and I hope this word will get back to him, that he said that the administration was trying to choose between jobs and opportunity and to look at programs, and I am in favor of looking at this program and I am involved in this because it does just that. It creates jobs and it creates opportunity.

And if the programs will be looked at that way, not only will these programs not be cut but the funds will be increased.

Mr. **Kildee**. I might point out, too, for the record, Mr. Tauke is in a markup at another committee today, and you just don't dare miss the markups. So, he would be here otherwise.

Mr. **Brand**. I agree with what Mr. Speers said, that community action has been effective. But as you move forward in his testimony, he used the word "failure" so many times that I am not sure exactly what he meant by being effective.

The main point that I think Mr. Speers overlooked, and I have been involved in this from the beginning and for 21 years as a volunteer, is that the Federal-seed money in community action is absolutely a vital ingredient in the program.

You are not talking about 12 percent, you are not talking about anything, you are talking about the seed money that makes the whole thing possible.

The seed to grow a stalk of corn is a small thing, but without that seed it doesn't grow. And that is what the community action Federal money does, and these programs are absolutely vital.

I disagree completely about the administrative costs. The administrative cost of our agency in Virginia is 10.6 percent.

I disagree with duplication. Duplication is prevented by law. The Community Service Block Grant and the Social Service Block Grant is administered in Virginia by the same organization and duplication is prohibited both at the State level, at the Federal level, and at the local level where we manage the programs.

So, I challenge all of those statements and I invite him to visit Virginia and to visit our agency and see this for himself.

So, what is at stake here is the future of community action agencies, which is the most viable organization in the country to deal with the problems of poverty, not the symptoms of poverty.

Being poor is a symptom of the problem. The problem is that people do not participate in the American way of life. They don't have the educational qualifications and the other attributes that enable them to be a full participant in the American way of life. And the community action agency garners local, State, and Federal resources to attack the core problem, which is the cancer on our society.

I am personally an example of no duplication. I am a volunteer. I have given 20 percent of my time to this community action movement for 21 years. I give them money. I have never taken a dime, no expense money, no nothing. And there are 30 other members of the CAP board in Roanoke that are the same way.

How will our services as volunteers be available to the public, be available to the poor people, if we didn't have a community action agency?

So, I am really criticizing Mr. Speers and I am attacking his premises, and I would invite him to come see for himself.

The issue is not 12-percent cut. The fact that community action agencies operate with just 12 percent of the money from the Community Services Block Grant is a tremendous advantage for the program. It is a credit to the community action agency. It is not a reason to cut out the 12 percent.

We are able to leverage for every dollar we get from the Federal Government $9.50 from other sources. But if we didn't have that dollar, we would have nothing to leverage.

We have already lost half of our money over the last 5 years of the Reagan administration. So, we are not talking about losing just 12 percent. Cutting out the Community Services Block Grant means destroying the program, destroying the network which is in place, which has been proved, as Mr. Olin says, has shaken down over the last 20 years to meet the needs of local communities and local poor people so that they can become participants in the American way of life.

I was very interested in President Reagan's speech the other night, and he said four things which I think are critical to the consideration of this Congress and which I agree with.

He said we need to change failed Federal policies.

He said that we need to make people independent of welfare.

Now, I agree with that. There are safety net programs that try to provide income to people and they become dependent. The welfare program in the United States provides food for hungry children, but it is not a positive program that deals with the core of the problem.

The problem is that these people can't earn enough money to support themselves. That is why they are poor.

Community action deals with the problem, not the symptom of a problem. I wish President Reagan understood that, because he is a good man but he just doesn't understand.

President Reagan questioned the role of Government. I question the role of Government all the time. I am a businessman. I don't want any more Government than we have. I am a capitalist. I am against Government.

But Government has a role in helping the poor people, as you so eloquently said twice this morning.

President Reagan encouraged full employment. I encourage full employment. But the problem is the poor people are not qualified to get jobs. If they were, they wouldn't be poor.

And the community action programs or self-help programs with a hand up, with job training, do things to help these people get work, be self-supporting, be participants, get off the dole and do what we need to have a strong society.

We have 15 percent of the people in the United States, we have 35 million people who are poor, who can't help themselves, who try—many of them work harder than anybody else, but they are not able to participate in the fruits of the American way of life.

Now, I am for a balanced budget. But the amount of money that we are talking about here is peanuts. We are talking about $330 million, half of what we used to get, a year. We are talking about the interest, 1 day's interest on the debt. We are talking about the cost of one nuclear submarine. It is a peanut amount of money for the benefit you get to build a strong society.

I just don't think that the process of community action is understood by the administration.

Just the statement that 55 percent of the Head Starts are administered by CAP's and the rest are not, he doesn't understand that the United States is not fully covered by CAP's.

One-third of Virginia doesn't have a community action agency because when the Community Service Administration was eliminated, no more CAP's could be formed. So, one-third of the people, poor people in Virginia have no community action agency. So, how could they administer a Head Start Program?

They don't understand.

Sixty percent of the funds that we use from all sources in our community action agency is done with the children. It is used to start as early as possible to help the children stay in school and get 12 years of schooling.

Mr. Speers said that community action agencies were not the right agency necessarily to run Head Start. Let me tell you how Head Start started in Virginia, because I started it.

Twenty-one years ago Virginia had no public kindergarten. School started for all children at age 6, not age 5.

I knew that sooner or later Virginia would have public kindergarten. I am not an educator. I sell shoes. I didn't know anything about a Head Start Program.

So, we got the school people together from six governments and said, we have got money to start an early education program for people who come from disadvantaged families, will you help us run it. And they agreed to do it. And we subcontracted the initial Head Start Program to the public schools with two purposes: first of all, to get educators to run it, and second, to train teachers in early childhood education so that when there was public kindergarten that cadre of teachers were available to start public kindergarten.

Three years later public kindergarten was legislated by the State of Virginia and we then made Head Start as a year-around program dealing with children from 2 to 5 years old.

Now, that is the principle that we have operated in Virginia and I think across the Nation. I have visited over 30 community action agencies in different parts of the country.

We have analyzed the needs of the poor people, particularly the children, and have tried to develop programs that nobody else was dealing with, with the object of getting these kids through 12 years of schooling.

In this technological age, you can't get a job and be self-supporting without a high school education. There are very few poor people with high school or college degrees.

So, we concentrated our resources and our efforts in helping these children get through school.

How do you do that? You don't do it by just providing schools. The United States has got a marvelous public education system. But it is designed for middle America.

The poor children need help at the family level, social help and all kinds, nutritional help, which Head Start and programs of this type had done.

So, the community action agency has done all of this.

I want to emphasize the leveraging of funds, the fact that we have gotten $9.50—and this is a national figure—for every dollar from the Community Service Block Grant.

In addition to that, the average CAP has gotten $305,000 of Federal money. In addition to getting nine and one-half other dollars, they have gotten $530,000 of local in-kind money, and for every employee has gotten eight volunteers like me.

When President Reagan talks about private/public partnerships, local initiative, local control, local decisions, that is what community action is.

There wouldn't have been a community action agency if the local business community hadn't started it.

We leveraged the money, we used the resources, we managed the money, we managed the programs, we keep the administrative costs down, and we focus on the needs of the poor people in our area.

I don't see how you could possibly have a better program to deal with the cancer on our society with this 15 percent than what you have in the Community Action Program. And it is in place.

Not enough. Instead of 900, we need 2,000 CAP's. Instead of having $305,000 each, they need $600,000 or $700,000 each.

But for goodness sakes, don't dismantle what you have. You talk about hope for the poor people. It would destroy the hope, it would eliminate the hope. There is no place for these poor people to go except to CAP for positive, self-help, hand-up programs.

Sure, they can go to welfare programs, but that is a safety net maintenance program. It is not a positive development program.

So, I want to repeat that I am a businessman with my only interest in this program being what is good for America. I am not trying to protect a job or anybody else's job or increase Federal expenditures.

Senator Warner asked me once, he said, why do we need the Federal intervention in programs for the poor. And I said, well, let me ask you a question, Senator Warner, would there ever have been integration in the South without Federal intervention?

The problem that people don't understand is that local and State governments are not as concerned and in many instances not concerned at all about minorities and about the poor. They are elected by middle class and they spend their resources for the middle class. And that is why there was not integration. And that is why, if you give the States the money, they will put it in programs that are not specifically designed for the poor people, which is why the Community Services Block Grant is absolutely essential, where the money is designated to the community action agency.

The city that I live in, that I was born in, Salem, VA, which is one of the 16 governments that we serve, has never given our agency one penny, never one penny, until this year. We got a little bit of money for Head Start this year, but not until this year. For 20 years they gave us not one penny. And their attitude was, if we don't support programs for the poor, poor people will go somewhere else.

You can't depend on a local government to deal with the problems of the poor and the problems of the minority. You can deal with a segment of the local society, such as the organization that we have developed to do it, but we need the Federal seed money to do it.

The tragedy of all this is the amount of money is so small. I mean, it is not like talking about increasing the Federal defense budget. The amount of money, less than $400,000, is so small, but it is absolutely critical.

I think that the money in the Community Services Block Grant is perhaps the most cost-effective money that the Federal Government spends.

I have analyzed the Federal budget, I have spoken on the Federal budget. I do not know of any money that the Federal Government spends that gets more for its money, that has a better investment in the people, where the Government will be paid back from the productivity of its citizens which are helped by the program, and I think it would be absolutely disastrous to cut it out.

Thank you.

[The prepared statement of Cabell Brand follows:]

PREPARED STATEMENT OF CABELL BRAND

CHAIRMAN KIDEE, DISTINGUISHED MEMBERS OF THE HOUSE OF REPRESENTATIVES, I APPRECIATE THE OPPORTUNITY OF BEING ABLE TO APPEAR BEFORE YOU TO SPEAK ON BEHALF OF COMMUNITY ACTION AND THE COMMUNITY SERVICES BLOCK GRANT.

I AM CABELL BRAND FROM SALEM, VIRGINIA; A PART OF THE BEAUTIFUL ROANOKE VALLEY OF SOUTHWEST VIRGINIA. I AM CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE STUART MCGUIRE COMPANY, INC., A NATIONAL DIRECT SELLING AND MAIL ORDER BUSINESS. I AM A BUSINESSMAN WITH A DEEP FAITH IN AND COMMITMENT TO THE FREE ENTERPRISE SYSTEM. AS A BUSINESSMAN, I AM INTERESTED IN AS LITTLE GOVERNMENT AS POSSIBLE. I AM INTERESTED IN PEOPLE HELPING THEMSELVES AND NOT BEING DEPENDENT UPON LOCAL, STATE OR FEDERAL GOVERNMENTS UNLESS ABSOLUTELY NECESSARY. I SUPPORT PRESIDENT REAGAN'S BALANCED BUDGET PROGRAM AND GETTING THE GOVERNMENT OUT OF ACTIVITIES WHICH THEY SHOULD NOT BE IN.

I AM A MEMBER OF MANY BUSINESS AND PROFESSIONAL ORGANIZATIONS. I HAVE SERVED ON THE MANPOWER COMMITTEE OF THE U.S. CHAMBER OF COMMERCE, AND THE COUNCIL ON TRENDS AND PERSPECTIVES WHICH IS THE U.S. CHAMBER'S COMMITTEE THAT LOOKS TO THE FUTURE, PARTICULARLY AS IT AFFECTS THE BUSINESS COMMUNITY. I HAVE SERVED AS A TRUSTEE OF A CARNEGIE FOUNDATION, AND A DIRECTOR OF THE WOODLANDS CONFERENCE. I WAS A MEMBER OF THE ORIGINAL NATIONAL ADVISORY BOARD OF ECONOMIC OPPORTUNITY AND WAS PROUD TO RECEIVE THE VISTA AWARD AS THE BUSINESSMAN IN AMERICA WHO HAD MOST CONTRIBUTED TO THE WAR ON POVERTY.

OF ALL MY ACCOMPLISHMENTS IN BUSINESS, FAMILY, POLITICS AND PUBLIC AFFAIRS, I AM MOST PROUD OF WHAT I HAVE DONE THROUGH MY ASSOCIATION WITH COMMUNITY ACTION. I BELIEVE I AM THE ONLY PERSON IN THE COMMUNITY ACTION WORLD TO HAVE SERVED CONTINUOUSLY FOR TWENTY YEARS AS THE PRESIDENT OF THE BOARD OF A LOCAL COMMUNITY ACTION AGENCY, TOTAL ACTION AGAINST POVERTY IN ROANOKE, VIRGINIA. IT IS FROM THE PERSPECTIVE OF ONE WHO HAS BEEN

INTIMATELY INVOLVED WITH COMMUNITY ACTION FOR TWO DECADES AND CONTINUES TO LEAD COMMUNITY ACTION INTO YET A THIRD DECADE THAT I FRAME MY REMARKS.

GO BACK WITH ME TO YESTERDAY. TO AN AMERICA TWO DECADES AGO. BEHIND THE BRASH EXUBERANT PROSPERITY OF A VICTORIOUS POSTWAR ECONOMY, NEARLY THIRTY PERCENT OF OUR NATION LIVED IN THE BLEAK SHADOWS OF POVERTY. THIRTY FIVE MILLION AMERICANS. CHILDREN BORN WITH BRAIN DAMAGE BECAUSE OF INADEQUATE PRENATAL NUTRITION AND CARE. YOUNG PEOPLE ENTERING SCHOOL LACKING THE BASIC PREREQUISITES, ENCOUNTERING A DAILY DIET OF FAILURE, FAILURE, AND MORE FAILURE UNTIL THEY DROPPED OUT. ADULTS ATTEMPTING TO FIND THE AMERICAN DREAM, UNDERPAID, UNEMPLOYED, AND UNDEREMPLOYED. OLD PEOPLE CONFINED TO THE LONELINESS OF COLD DARK ROOMS, WITHOUT PROPER MEALS, TRANSPORTATION, MEDICAL AND PHARMACEUTICAL CARE. TWO AMERICAS; ONE WHITE, ONE BLACK, RED AND BROWN. ONE AMERICA WITH OPEN ACCESS TO EVERYTHING IF IT COULD BE AFFORDED. THE OTHER WITH SIGNS BARRING PASSAGE.

WHATEVER PROGRESS REMAINS BEFORE US, THE WORLD OF 1986 IS NOT THE WORLD OF 1965. THE CIVIL RIGHTS MOVEMENT AND THE WAR ON POVERTY HAVE TIPPED THE BADLY TILTED SCALES OF JUSTICE TOWARD EQUALITY AND HAVE BLAZED NEW TRAILS OF ACCESS THROUGH THE SNARLED JUNGLES OF POVERTY TO MAINSTREAM AMERICA. THIS IS NOT TO SAY THAT RACISM DOES NOT PERSIST IN AMERICA. IT DOES! IT IS NOT TO SAY THAT WE HAVE WON THE WAR ON POVERTY. WE HAVEN'T! IT IS TO SAY THAT IN TWENTY YEARS WE HAVE BEEN PART OF A PEACEFUL REVOLUTION IN THIS COUNTRY WHICH HAS BROUGHT OVER TWENTY MILLION AMERICANS OUT OF POVERTY AND HAS FOREVER BROKEN THE BACK OF INSTITUTIONAL RACISM.

AND AT THE VERY CENTER OF THIS MOVEMENT HAS BEEN THE LOCAL COMMUNITY ACTION AGENCY, THE MOST SOPHISTICATED AND EFFECTIVE COMMUNITY DEVELOPMENT INSTITUTION IN THE HISTORY OF THIS COUNTRY AND PERHAPS THE WORLD. IN OVER ONE THOUSAND LOCALITIES IN THIS LAND, COMMUNITY ACTION AGENCIES BROUGHT TOGETHER THE POOR AND THE RICH; PUBLIC OFFICIALS AND COMMUNITY LEADERS; BUSINESS, LABOR AND CIVIC MINDED PERSONS TO DECIDE HOW TO BRING OPPORTUNITY TO THE POOR IN THEIR MIDST, HOW TO FEED THE HUNGRY, CLOTHE THE NAKED, HOUSE THE HOMELESS, EMPLOY THE JOBLESS, EDUCATE THE UNEDUCATED, PROVIDE SAFETY TO THOSE IN DANGER AND MEDICAL HELP TO THE SICK, AND A SECOND CHANCE TO THOSE IN PRISON.

COMMUNITY ACTION AGENCIES BROUGHT LOCAL PEOPLE TOGETHER TO SEE POVERTY IN THEIR MIDST FOR THEMSELVES AND TO BRING THIS AWARENESS TO THEIR TOTAL COMMUNITY. THESE AGENCIES FOCUSED ATTENTION TO SPECIFIC PROBLEMS, DEVISED NEW SOLUTIONS, BROKE DOWN BARRIERS OF RESISTANCE, AND MOBILIZED RESOURCES (BUILDINGS, VOLUNTEERS, DOLLARS). FEDERAL LEGISLATION UNLOCKED THE DOOR OF OPPORTUNITY FOR MILLIONS. IT HAS BEEN COMMUNITY ACTION AGENCIES WHO HAVE GIVEN THE POOR THE COURAGE TO DARE TO WALK THROUGH THESE DOORS.

YOU MUST BE AWARE, AS I AM, OF THE SERIOUS REVERSALS WE HAVE FACED IN THE WAR AGAINST POVERTY IN THE LAST DECADE, PARTICULARLY SINCE 1980. THE MOST SERIOUS REVERSAL IS THAT THE NUMBER OF POOR PEOPLE IN THIS COUNTRY HAS INCREASED BY 11 MILLION IN THE LAST FIVE YEARS. THERE ARE THIRTY FIVE MILLION POOR PEOPLE IN THIS COUNTRY. ONE OUT OF EVERY SEVEN AMERICANS IS POOR. THE NUMBER OF POOR PEOPLE IN VIRGINIA IS GREATER THAN THE ENTIRE POPULATION OF RICHMOND, THE CAPITOL. THE NUMBER OF POOR IN THE UNITED STATES IS GREATER THAN THE ENTIRE POPULATION OF CANADA. BY 1978 THE POVERTY POPULATION HAD DROPPED FROM 28% TO 11%. BY 1984 IT HAD RISEN TO 15%.

SECOND, THE POOR ARE GETTING POORER. A LOS ANGELES TIMES STUDY REPORTED THAT "AT LAST COUNT THE POOREST AMERICANS HAD ONLY 60 PERCENT OF THE MONEY THAT THEY NEEDED FOR LIFE' BASICS. THE MOST TRAGIC STATISTIC OF ALL SAYS THE ONE-FOURTH OF ALL CHILDREN UNDER SIX LIVE IN POVERTY". HALF OF ALL BLACK CHILDREN AND FORTY PERCENT OF ALL HISPANIC CHILDREN ARE POOR.

THIRD, THERE IS A WIDENING GAP BETWEEN THE RICH AND THE POOR. THE GAP IS NOW WIDER THAN AT ANY TIME DURING THE LAST FORTY YEARS. UNFAIR

TAX POLICIES, BUDGET CUTS IN POVERTY PROGRAMS, AND THE FACT THAT THE ECONOMIC RECOVERY HAS NOT BEEN EVENLY SHARED ARE MAJOR FACTORS.

TODAY IN AMERICA, OVER 20 MILLION AMERICANS LIVE IN SUBSTANDARD HOUSING. THE DEVELOPMENT OF LOW INCOME HOUSING HAS FALLEN BEHIND BY 60% SINCE 1980. MORE THAN 15 MILLION AMERICANS IN RURAL AREAS LIVE WITHOUT POTABLE WATER AND SANITARY WASTE DISPOSAL; OVER HALF WITHOUT INDOOR PLUMBING. 300,000 FEWER POOR CHILDREN ARE COVERED BY MEDICAID THAN SIX YEARS AGO AND TWO OUT OF EVERY THREE POOR CHILDREN HAVE NO REGULAR HEALTH INSURANCE. HALF OF ALL BLACK PRESCHOOL CHILDREN ARE NOT FULLY IMMUNIZED AGAINST DPT AND POLIO. WHILE WE CANNOT FIND THE MONEY TO HOUSE, FEED, EDUCATE, AND EMPLOY THE PEOPLE AT THE BOTTOM OF THE ECONOMIC SCALE, WE ARE ABLE TO IMPRISON OVER HALF A MILLION PERSONS (90% POOR) AND TO BUILD PRISONS AT A FASTER RATE THAN NEW HOUSING FOR THE LOW INCOME.

IN SUCH A BLEAK SCENARIO, WHAT OF COMMUNITY ACTION? HOW HAS IT FARED? THE COMMUNITY ACTION BUDGET HAS ALREADY BEEN CUT APPROXIMATELY IN HALF. THE NATIONAL OFFICE ON POVERTY HAS BEEN ABOLISHED. THE AVAILABLE PERSONNEL IN COMMUNITY ACTION AGENCIES HAS BEEN CUT BY SIXTY PERCENT. YET MY SENSE IS THAT COMMUNITY ACTION IS STRONGER THAN EVER, WITH MORE FRIENDS, WITH MORE TIES TO LOCAL GOVERNMENT, LOCAL BUSINESS, LOCAL POOR COMMUNITIES, MORE TIES TO THE STATEHOUSES AND THE CONGRESS OF THESE UNITED STATES.

A RECENT NCAADA (NATIONAL COMMUNITY ACTION AGENCY DIRECTORS ASSOCIATION) SURVEY SHOWED THAT WITH A CSBG BUDGET OF $305,000, THE AVERAGE COMMUNITY ACTION AGENCY WAS ABLE TO LEVERAGE MORE THAN 2.9 MILLION DOLLARS, A RATIO OF $9.50 FOR EVERY DOLLAR OF CORE FUNDING. AGENCIES HAD AN AVERAGE SALARY COST OF $8,230 PER EMPLOYEE, AN AVERAGE ADMINISTRATIVE COST OF 10.6 PER CENT, RAISED AN AVERAGE OF OVER $530,000 IN IN-KIND AND LOCAL FUNDING, AND RECRUITED AN AVERAGE OF 8 VOLUNTEERS FOR EVERY PAID STAFF PERSON. ACCORDING TO A SIMILAR SURVEY SPONSORED LAST YEAR BY THE

NATIONAL GOVERNORS ASSOCIATION, COMMUNITY ACTION AGENCIES SERVED OVER 26 MILLION NEEDY PERSONS IN THEIR COMMUNITIES.

YET COMMUNITY ACTION IS MORE THAN DOLLARS AND CENTS. IT IS A PROGRAM THAT SPARKS HOPE, COURAGE AND INITIATIVE SO THAT PEOPLE HELP THEMSELVES. IT IS A HAND UP NOT A HAND OUT. A HAND UP TO LIFT ONESELF INTO THE MAINSTREAM OF MODERN AMERICA.

YET OUR GREATEST STORY IS NOT WHAT WE HAVE DONE FOR THE POOR BUT WHAT WE HAVE DONE FOR AMERICA. I AM A CAPITALIST, A BELIEVER IN THE FREE ENTERPRISE SYSTEM. WHY IS IT THAT FOR THE LAST TWENTY YEARS I HAVE GIVEN OVER 20% OF MY TIME TO ADVOCATE FOR COMMUNITY ACTION? MY ANSWER IS SIMPLE. I AM CONVINCED THAT THE GREATEST DANGER TO A FREE SOCIETY IS THE PERPETUATION OF AN UNDERCLASS THAT NEITHER PARTICIPATES IN, NOR BENEFITS FROM, THAT SOCIETY. I BELIEVE THAT THIS UNDERCLASS IS THE SPAWNING BED OF CRIME, VIOLENCE, DISEASE, CLASS ANTAGONISM, AND REVOLUTION. I BELIEVE THAT MAINTENANCE OF THIS UNDERCLASS MAKES EXCESSIVE DEMANDS ON THE PUBLIC TREASURY AND THE BUSINESS ECONOMY, AND THAT IT IS LARGELY RESPONSIBLE FOR THE OBSESSIVE FEAR OF CRIME AMONG SO MANY ORDINARY CITIZENS IN OUR CITIES AND TOWNS. HAD IT NOT BEEN FOR THE WAR ON POVERTY WITH THE COMMAND POST OF COMMUNITY ACTION ON THE FRONT LINE, FIFTY PERCENT OF ALL AMERICANS MIGHT BE UNDER THE POVERTY GUIDELINES TODAY THREATENING THE POLITICAL FOUNDATIONS OF THIS GREAT DEMOCRACY.

THERE ARE MANY REASONS WHY PEOPLE ARE POOR. THAT IS WHAT I HAVE LEARNED IN THE LAST 20 YEARS AND WHAT COMMUNITY ACTION AGENCIES THROUGHOUT THE UNITED STATES HAVE LEARNED. WE PROVIDE A VITAL AND IRREPLACEABLE LINK TOWARDS HELPING POOR PEOPLE PULL THEMSELVES UP AND PARTICIPATE IN SOCIETY. BEING POOR IS A SYMPTOM OF THE PROBLEM -- IT IS NOT THE PROBLEM ITSELF. THERE MAY BE A LEGAL PROBLEM, A HOUSING PROBLEM, A SCHOOLING PROBLEM, A HEALTH PROBLEM, EVEN A WATER PROBLEM, WHICH SO CONSUMES THIS PERSON OR THIS FAMILY THAT THEY CAN'T SUPPORT THEMSELVES ECONOMICALLY.

THE COMMUNITY ACTION NETWORK THAT DEALS WITH THE 14% OF OUR POPULATION WHICH IS POOR HAS 20 YEARS OF EXPERIENCE AND IS IN PLACE. THIS MUST NOT BE DESTROYED. YOU WOULD BE TELLING THE POOR PEOPLE, "WE DON'T CARE". PRESIDENT REAGAN AND HIS STAFF WOULD BE GOING BACK ON THEIR CAMPAIGN PROMISE AND THEIR WORD THAT IN THEIR BUDGET CUTTING EFFORTS, THE POOR PEOPLE WOULD NOT SUFFER. BUT THAT IS NOT WHAT IS HAPPENING. POOR PEOPLE ARE SUFFERING FROM THE PROGRAMS THAT HAVE ALREADY BEEN CUT OUT, OR ARE ON THE DRAWING BOARDS TO BE CUT OUT.

DON'T LET THE COMMUNITY SERVICES BLOCK GRANT FUNDS BE CUT OR WE WILL BE TURNING OUR BACKS ON THE POOR PEOPLE THROUGHOUT THE UNITED STATES.

IN THE UNITED STATES WE HAVE ENOUGH RESOURCES TO SEE THAT EVERYONE HAS A CHANCE TO SUCCEED; AND TO PARTICIPATE IN OUR AMERICAN WAY OF LIFE. WE ARE LUCKY THAT THE MINORITY PROBLEM OF POOR PEOPLE IN THE UNITED STATES IS JUST 14%. IN PERU IT IS 95%! WHEN THE FEDERAL GOVERNMENT MAKES A COMMITMENT TO HELP POOR PEOPLE HELP THEMSELVES WE STRENGTHEN OUR SOCIETY, WE STRENGTHEN THE FREE ENTERPRISE SYSTEM, AND WE SHOW THE WORLD THAT OUR WAY OF LIFE HELPS EVERYONE TO PARTICIPATE IN OUR SYSTEM. IT MAY NOT BE A FEDERAL GOVERNMENT RESPONSIBILITY TO DEVELOP A SYNTHETIC FUEL SYSTEM OR SUPPORT THE ARTS, OR HAVE A FARM SUBSIDY PROGRAM. BUT IT IS A FEDERAL GOVERNMENT RESPONSIBILITY TO STRENGTHEN OUR SOCIETY AND TO PROVIDE PROVEN PROGRAMS FOR THOSE PEOPLE WHO NEED HELP TO TAKE ADVANTAGE OF THE AMERICAN OPPORTUNITY. THERE IS NO ONE ELSE TO DO IT.

I HAVE ALWAYS BELIEVED THAT COMMUNITY ACTION PROGRAMS BENEFIT NOT ONLY THE POOR, BUT THE ENTIRE COMMUNITY AND THE LOCAL ECONOMY. AT TAP SOME YEARS AGO WE DEVELOPED A METHOD OF DOCUMENTING IN DOLLARS AND CENTS THE ECONOMIC IMPACT OF OUR PROGRAMS.

THE VIRGINIA DEPARTMENT OF SOCIAL SERVICES HAS ADOPTED THE SAME METHOD TO DEMONSTRATE THE BENEFITS OF THE COMMUNITY ACTION NETWORK TO

THE COMMONWEALTH OF VIRGINIA. AT THE RISK OF BORING YOU WITH FIGURES, I WILL QUOTE JUST A FEW IMPRESSIVE ONES.

THEIR LATEST REPORT STATES THAT IN 1984-85, 29 COMMUNITY ACTION PROGRAMS, LEVERAGED $6.51 FOR EVERY $1.00 OF COMMUNITY SERVICE BLOCK GRANT FUNDS RECEIVED. INCOME TO CLIENTS AND EMPLOYEES OF $47.3 MILLION RESULTED IN LOCAL ECONOMIC ACTIVITY OF MORE THAN $104 MILLION DOLLARS. IT IS ESTIMATED THAT THESE PROGRAMS RESULTED IN SAVINGS IN PUBLIC EXPENDITURES BY FEDERAL, STATE, AND LOCAL GOVERNMENTS OF ALMOST $35 MILLION DOLLARS. IN VIRGINIA 1,762 PERSONS WERE EMPLOYED BY LOCAL AND STATEWIDE PROGRAMS, EARNING $16.3 MILLION DOLLARS, AT AN AVERAGE SALARY OF ONLY $9,255.

I HOPE YOU CAN SEE THAT COMMUNITY ACTION NOT ONLY HELPS PEOPLE WHO NEED HELP, BUT THAT THE STATE AND LOCAL ECONOMY ALL OVER THIS COUNTRY WILL BE HURT IF THESE PROGRAMS HAVE TO SUFFER ANY MORE CUTS.

IN JANUARY VIRGINIA'S OUTGOING SECRETARY OF HUMAN RESOURCES, DR. JOSEPH L. FISHER, RELEASED A REPORT WHICH HIGHLIGHTED NEW APPROACHES FOR MEETING THE CHALLENGE OF HELPING THOSE IN NEED. HE RECOMMENDED STRENGTHENING COMMUNITY ACTION PROGRAMS AS A MEANS OF HELPING PEOPLE FIND JOBS AND ATTAIN INDEPENDENT LIVING. CITING THE "SPECIAL EXPERTISE AND INSIGHT" WHICH COMMUNITY ACTION AGENCIES HAVE IN DEALING WITH THE PROBLEMS LOW INCOME PEOPLE HAVE IN JOB TRAINING, JOB PLACEMENT AND INDEPENDENT LIVING, DR. FISHER ADVOCATED THAT SUPPORT FOR THESE AGENCIES WOULD "YIELD A LARGE DIVIDEND IN REDUCTIONS IN VARIOUS INDIGENT CARE PROGRAMS, NOT TO MENTION IMPROVEMENTS IN THE WHOLE TONE OF COMMUNITY LIFE". I THINK HIS RECOMMENDATIONS SPEAK STRONGLY FOR THE SPECIAL VALUE WHICH COMMUNITY ACTION AGENCIES HAVE FOR NOT ONLY THE POOR, BUT THE ENTIRE COMMUNITY AS WELL. DR. FISHER WILL NOW BE JOINING THE FACULTY OF GEORGE MASON UNIVERSITY AS DISTINGUISHED PROFESSOR OF POLITICAL ECONOMY SO HIS JUDGMENTS CONCERNING THE ECONOMIC IMPORTANCE OF COMMUNITY ACTION AGENCIES ARE PARTICULARLY SIGNIFICANT.

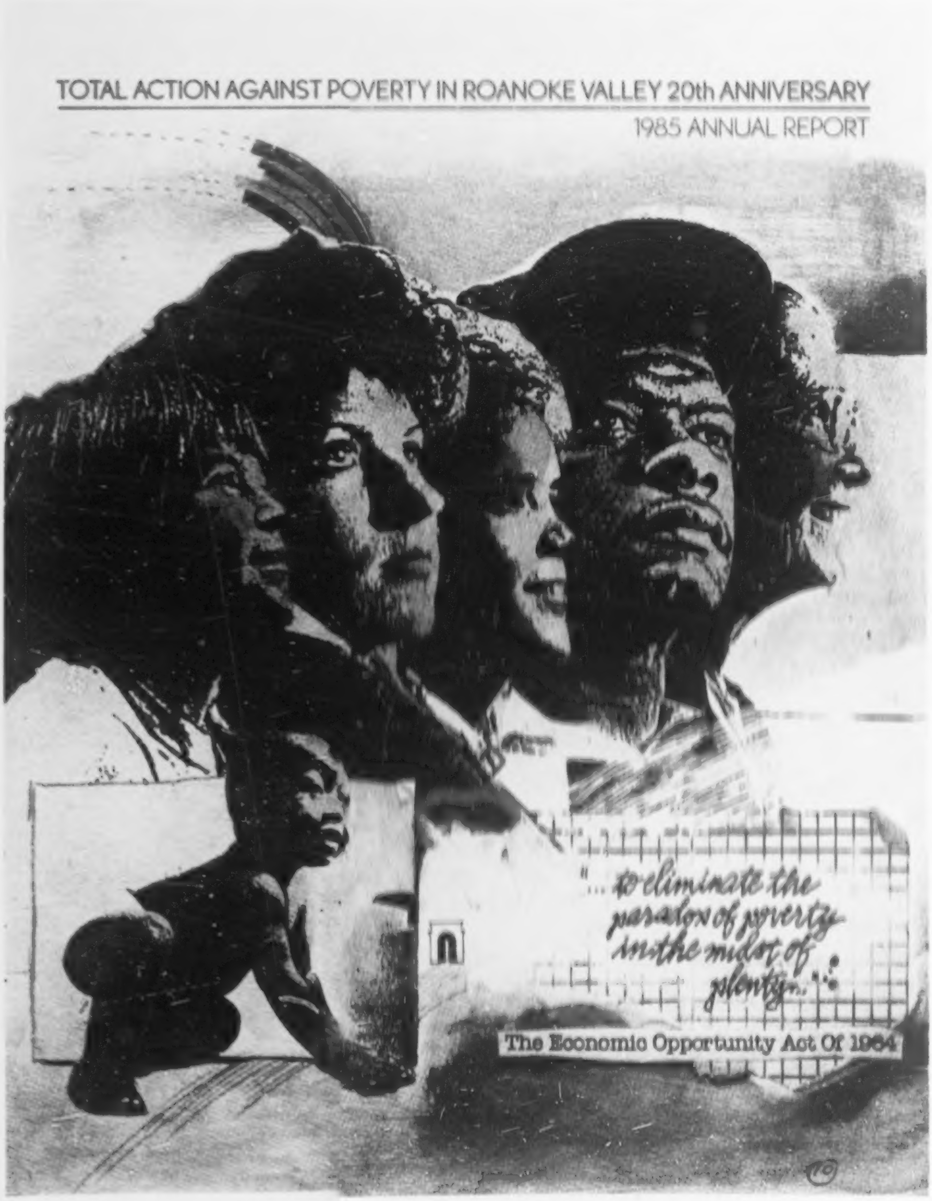
IN CONCLUSION, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE THIS SUBCOMMITTEE, AND TO URGE YOU NOT TO ALLOW THE COMMUNITY SERVICE BLOCK GRANT PROGRAM TO BE CUT. WE CANNOT TURN OUR BACKS ON THE POOR AND THE NEEDY! THESE FUNDS ARE CRITICAL TO THE CONTINUATION OF A VIGOROUS NETWORK OF COMMUNITY ACTION AGENCIES ACROSS THE LAND.

IN VIRGINIA LAST YEAR COMMUNITY ACTION ASSISTED 6,855 PERSONS TO FIND AND MAINTAIN UNSUBSIDIZED EMPLOYMENT; PROVIDED 17,404 HOUSEHOLDS WITH ONE TIME EMERGENCY ASSISTANCE; EDUCATED AND CARED FOR 6,316 PRE-SCHOOL CHILDREN; HELPED 9,271 FAMILIES WITH HOUSING SERVICES. I COULD GO ON AND ON.

I WOULD LIKE TO PRESENT YOU WITH A COPY OF TOTAL ACTION AGAINST POVERTY'S 1985 ANNUAL REPORT, WHICH CELEBRATES TWENTY YEARS OF COMMUNITY ACTION IN SOUTHWEST VIRGINIA. TAP'S DYNAMIC EXECUTIVE DIRECTOR, TED EDLICH, IS QUOTED - "IF TAP GIVES AWAY ANYTHING, IT IS HOPE AND OPPORTUNITY". THESE ARE PRECIOUS COMMODITIES.

ATTACHED TO MY TESTIMONY ARE SEVERAL HUMAN INTEREST STORIES WHICH SHOW HOW COMMUNITY ACTION WORKS, AND HOW TAP MAKES A DIFFERENCE IN THE LIVES OF THE PEOPLE WE TOUCH.

THANK YOU FOR YOUR ATTENTION. I WILL BE HAPPY TO ANSWER ANY QUESTIONS.



TOTAL ACTION AGAINST POVERTY IN ROANOKE VALLEY 20th ANNIVERSARY

1985 ANNUAL REPORT

"... to eliminate the paradox of poverty in the midst of plenty..."

The Economic Opportunity Act Of 1964

TAP Board of Directors

TAP has a tri-partite Board: one-third of its members represent the low income community; one-third are elected officials from each service locality; and one-third come from the private sector. They all volunteer their time and energy in the spirit of community action — "a partnership of people working with people to solve the problems of poverty."

> *"ANY ASSAULT ON POVERTY WOULD HAVE TO ADDRESS THE CYCLE AS WELL AS THE CONDITION."*
>
> *Dr. Edwin L. Cobb, author of No Cease Fires*

> *"A FEW ENERGIZED PEOPLE CAN MAKE ALMOST ANYTHING HAPPEN."*
>
> *Bristow Hardin, Jr., TAP Executive Director, '65-'75*

DIRECTORS May 1984 - April 1985

Thelma Bradley — Clifton Forge Community Action Council
Gerald Burks — City of Covington
Father Thomas Collins — Covington Ministerial Association
Georgia Curtis — Blue Ridge Community Council
Eugene Derryberry — Roanoke City Bar Association
Elizabeth Early — Concerned Citizens of Glasgow, Inc
Rev. John Furgerson — City of Buena Vista
Jayne Gardner — TAP SW VA Community Food Bank
Mary Guy — Senior Citizens Advisory Council
Dorothy Hamrick — League of Women Voters
Zane Jones — Craig County
Allen Key — City of Salem
Louise Logan — Rutherford Avenue Block Club
(Lewis Peary, alternate)
Granger Macfarlane — Roanoke Valley Council of Community Services
Rev. Donald Morris — Clifton Forge Area Ministerial Association
R.P. Parsons — Rockbridge Board of Supervisors
George Penn — Villa Heights Protective League
Rev. Jack Raymore — City of Clifton Forge
Malika Shakoor — Rockbridge N.A.A.C.P.
William Sparrow — Roanoke N.A.A.C.P.
Elizabeth Stokes — Roanoke County
Hazel Thompson — NW Neighborhood Improvement Association
Florine Thornhill — NW Neighborhood Environmental Organization
(John Penn, alternate)
Frank Tota — Roanoke City Schools
J.B. Varney — Botetourt County Board of Supervisors
John Laraw — Roanoke Valley Chamber of Commerce
Rev. Robert Goode — Roanoke Ministerial Association

TAP is a private non-profit community action agency committed to addressing the causes and symptoms of poverty. Through direct services and advocacy, with an emphasis on outreach and community organizing, TAP's innovative strategies serve the needs of the economically disadvantaged.

Activities are funded through federal, state and local sources. TAP appreciates donations of time, space and materials from the community.

Gertrude Logan — City of Salem
Janet Nelson — Alleghany County
Lawson Bailey — Roanoke Valley Council of Community Services
Dr. Murray Page — Covington Ministerial Association
Rev. Homer Jackson — Roanoke N.A.A.C.P.
Linda Frith — Roanoke City Bar Association
Dorothy Dixon — Rockbridge N.A.A.C.P.
Dorothy Mendenhall — NW Neighborhood Improvement Association
Anna May Thomas — Ex officio
Leonard Jones — Ex officio
Rev. John Neely — Clifton Forge Area Ministerial Association
A.W. Merrill — Roanoke Valley Home Builders Association
(Stephen Johnston, alternate)
Delbria Thompson — Head Start Parent Policy Council
Richard Gragg — TAP SW VA Community Foodbank
Elmore Dennis — Grayson Avenue Beautification Council

OFFICERS

E. Cabell Brand, President
Salem / Roanoke County
Georgia Meadows, Vice President
Botetourt Improvement Association
Ruby Graves, Secretary
City of Lexington
Rev. Ealy Ogden, Treasurer
Delaney Court Civic League
Elizabeth Bowles, Asst. Sec'y / Treas.
(Earl Reynolds, alternate)
City of Roanoke

Twenty Years
Of People Helping People
Through TAP

Thanks To You!

TOTAL ACTION AGAINST POVERTY, INC.
702 Shenandoah Ave., NW P.O. Box 2868
Roanoke, VA 24001
(703) 345-6781

Alleghany Highlands Office
325 West Main St.
Covington, VA 24426
962-1200

Rockbridge Area Office
319 North Main St.
Lexington, VA 24450
463-9527

Sargent Shriver visits to join in celebration of T A P's 20th year

"THE YOUNG ARE THE FIRST INGREDIENT FOR A SUCCESSFUL OVERTHROW OF THE REIGNING ETHIC OF SELFISHNESS."

Sargent Shriver
First Director of OEO

"IF TAP GIVES AWAY ANYTHING, IT IS HOPE AND OPPORTUNITY."

Ted Edlich
TAP Executive Director

Sargent Shriver visited Roanoke June 7, 1985, to celebrate TAP's 20th anniversary at a gala reception at Hotel Roanoke. The main speaker of the star studded evening came well prepared with experience in the War on Poverty. He was appointed by President Lyndon Johnson in February, 1964, to coordinate the planning of the War on Poverty. Subsequently, he became the first Director of the Office of Economic Opportunity. The Chicago businessman, with a record of public service, was Director of the Peace Corps from its inception in 1961.

It was an exciting and fitting way to mark the extraordinary record of successful programs TAP has initiated in the past 20 years. The 1985 anniversary Annual Report reviews a few basics of the Roanoke Valley's Total Action Against Poverty by answering these questions:

Why is TAP still going strong 20 years later?

Who are TAP's clients?

What are the benefits of TAP's programs to taxpaying citizens, the 85 percent of the population that is not poor?

How are TAP's goals achieved?

Going strong 20 years later

Today, 85 percent of the American population is not poor. It is the other 15 percent — 35 million citizens of this country — who make a War on Poverty in 1985 a necessity.

Education, training and employment are the weapons required by the poor to fight poverty. TAP's goal is to provide these weapons. Education and employment training have been cornerstones of 20 years of productive programs.

An exploration of TAP's success is outlined in a book, *No Cease Fires: The War on Poverty in Roanoke Valley*, published in 1984. A Washington Post reviewer wrote that author Edwin L. Cobb, "convincingly, and in a well buttoned prose that keeps his facts and ideals snapped together, told the story of some Roanoke Valley citizens who worked hard to get their antipoverty programs to work well."

Dr. Cobb's analysis gives TAP's style credit for its outstanding success among the 918 such agencies nationwide. "It is free wheeling, innovative and casual."

Neighbor helping neighbor is the foundation of the effort, he wrote, "a neighbor helping out in an emergency, rather than a social worker giving advice." Peers of the clients offer mutual aid rather than bureaucratic assistance.

CELEBRATION
UP NOT A HANDOUT"

One of TAP's major strengths comes from its willingness to identify new victims of poverty — women and ex-offenders, for example.

The formula of "neighborliness" and willing flexibility has made TAP a star among 918 similar agencies nationwide, which like TAP came into being after the passage of the Economic Opportunity Act 20 years ago.

The poor are TAP's clients

Who are the poor? Children, the elderly and women, primarily, and the "working poor."

Sen. Patrick Moynihan says that America may be the first society where children are worse off than adults. Here are the figures:

- 40 percent of the poor are children. One quarter of all children in America under six are poor.
- 50 percent of the black children are poor.
- 64 percent of the poor children are white.
- 12.4 percent of the poor are elderly.
- 35 percent of poverty households are headed by women.

The poor have been described by Cabell Brand like this:

"They are people, individuals, with feelings, needs, abilities, strengths and frailties similar to our own. Each is an individual. No two are the same. My own personal experience during the last two decades was to find that most of the low income people with whom I have worked were as ambitious, responsible, hard working, moral and generous as their affluent counterparts — if not more so."

The bottom line benefits the taxpayer

For each dollar local government invests in TAP, three or four dollars are returned in additional revenue from the economic activity generated by TAP programs.

High/Scope Educational Research Foundation (Ypsilanti, Mich.), in a 1984 study, found that for every $5,000 spent per child on preschool education, taxpayers save $28,000 in reduced crime, welfare assistance and need for special education.

"The biggest drain on our society is the cost of people who cannot support themselves," says Executive Director Ted Edlich. He is particularly concerned about the alarming increase in poverty rates in the last four years, up from a low of 11 percent to the current 15 percent.

Education

- 584 pre schoolers and 875 volunteers gave **Head Start** another successful year.
- 76 youths participated in **REAP (Roanoke Educational Alternative Program)**.
- 132 **TAP JTPA** participants went on to employment or further training.
- 203 high school students stayed in school and continued to learn because of **Alternative Education** and **Project Pride.**
- 164 older students attended academic and life-coping skills classes to become employable and self-sufficient through the **Adult Basic Education** and **pre-GED** programs. 30 got unsubsidized jobs and 44 entered other training programs.
- 65 participated in **Human Services Training**'s four experimental workshops for clients, staff and social service agency workers.
- 70 adults and youths earned the **GED**.
- 239 high school students set their sights on college through **Project Discovery**.
- 250 teenagers and 100 adults attended the **National Youth Conference** hosted by TAP in July, 1985.

"TAP DOES NOT 'THROW' MONEY AT POOR PEOPLE. TAP HELPS THEM TO ACHIEVE SKILLS TO BE PRODUCTIVE, INDEPENDENT."

Ted Edlich

"THE REASONS FOR GETTING RID OF POVERTY ARE MORAL, ECONOMIC – AND TO PREVENT REVOLUTION."

Cabell Brand

Head Start

"The most effective educational (as well as health) program used to combat poverty is Head Start," President Cabell Brand said in a talk for the Torch Club.

Twenty years of studies have concluded that Head Start graduates are twice as successful educationally and in the job market than are their counterparts. Consequently, they are far less likely to be involved in crime and drug addiction. Studies also show that Head Start graduates experience fewer early pregnancies.

And yet, only one in five eligible children can be accommodated in Head Start programs across the nation – 80 percent are denied access because of lack of funds.

"We should provide Head Start for every low income child in America," the TAP President says.

Head Start / Home Start gives low income children a chance to catch up with their peers before they enter school.

- **8,500 children and their families have benefited from TAP's Head Start program since 1965.**

Employment

- 139 percent of the goal was achieved when 57 adults learned marketable skills through a competency based curriculum in the **Clerical Skills** program.
- 563 low-income youths worked in non-profit and government organizations gaining valuable work experience and job-seeking skills through training in the **Summer Youth Employment** program.
- 28 **OJT (On-the-Job Training)** participants gained practical work experience while their employers were subsidized for providing the work opportunity. This program was severely hampered by fund cuts.
- 414 high risk clients from **Offenders', Alcoholics' and Women's** programs participated in job readiness seminars in the **Job Search Project**. 200 found permanent, unsubsidized employment.

Community Outreach/Development

A principal program activity is to organize neighborhood groups.

Community Outreach stresses the need for neighborhood groups to be a strong organizing force. Outreach workers inform residents of programs such as fuel assistance, and encourage people to register to vote, to set up neighborhood crime watches, to start and maintain community gardens, and to identify neighborhood needs and develop action plans.

The **Harrison School Project**, for example, began when Hazel Thompson's Northwest Neighborhood Improvement Council refused to allow the old Harrison School to be torn down.

The program's motto is:

"Helping people help themselves and their community."

The **Harrison Heritage and Cultural Center** was dedicated October 25, 1985. Not only will the Center house historical and artistic contributions from the black community, but also the revitalization of the historical building has turned the entire neighborhood around.

The 28 apartments on the upper floors were dedicated in December, 1984.

- 2,738 homes have been weatherized since 1974, saving 30 percent in heat costs.
- 34 neighborhood groups – 22 already established and 12 newly organized – were assisted by **Community Outreach.**

"GIVE A MAN A HAND,
NOT A HANDOUT."

TAP's first Annual Report -

"TAP IS RESPONSIBLE
FOR THE PEACEFUL
RACIAL ATMOSPHERE
IN THE ROANOKE
VALLEY."

Study by the Roanoke Valley
Council of Community Services

"DREAMERS – 6,
SKEPTICS – 0"

Hazel Thompson at dedication
of Harrison Heritage and
Cultural Center

Special services to target populations

Battered Women

- 1,000 calls from women in crisis were received last year. The TAP **Women's Program** , which has an office at TAP headquarters, also has a day care room for children of women who are being counseled. Women are aided in finding housing, work or child care.

- 202 women were counseled and assisted. The number is low because no shelter was available during four months of the year.

- 32 women and 10 children were sheltered at **Mahaia** while they made important life decisions in safety.

Prisoners and Ex-Offenders

- 396 prisoners and ex-offenders were helped to make a successful transition into community life through emergency aid, housing assistance, motivational activities, support groups, transportation for families, and job readiness by TAP's offender program, funded by **Virginia CARES.**

Southwest Virginia Community Foodbank

- 1,563,968 pounds of surplus food were distributed to 180 member agencies (churches and non-profit organizations) that pay 10 cents per pound for food.
- 28,800 needy people benefited.

Food distributed by the **foodbank** comes from three basic sources: Second Harvest, a national foodbanking network that utilizes food from national manufacturers; the Virginia Department of Agriculture, which gets surplus products from the U.S. Department of Agriculture; and local grocery stores.

Food Drive

Nov. 1, 1985, saw the beginning of a major food drive, aimed at collecting 200,000 pounds of food, with contributions coming from major corporations. "Sharing is caring" is the theme.

AFTER THE NOVEMBER 4, 1985, FLOOD, T A P QUICKLY MOBILIZED TO AID FLOOD VICTIMS.

Alcohol Abusers

- 520 youths in crisis received alcohol counseling.

  216 youthful alcohol abusers participated in alcohol awareness education programs. in the City of Roanoke,
- 150 juvenile court clients were served.

- 1,084 people were served through alcohol counseling and education groups.

Other Basic Needs

- 2,035 people (5,774 family members) were screened and given one-time emergency assistance – food, utilities, rent, medicine, fuel.

- 1,081 people were helped by **Housing Counseling** with concerns about mortgage default, emergency housing, landlord-tenant problems, credit, budgeting, and pre-purchase or pre-rental.

"UNFORTUNATELY AMERICAN SOCIETY PROVIDES A STEADY STREAM OF EXCUSES FOR THOSE WHO WISH TO SHIRK THEIR MORAL OBLIGATIONS: 'NOT ALL THE POOR ARE DESERVING . . . THE PROGRAMS ARE FULL OF WASTE AND ABUSE. . . THE PRIVATE SECTOR WILL DO THE JOB . . . I GAVE AT THE OFFICE . . .' THERE ARE ALWAYS EXCUSES FOR GREED."

Dr. Edwin L. Cobb

"IT IS NOT A QUESTION OF WHETHER THE BOWL IS HALF EMPTY OR HALF FULL BUT, RATHER, OUR COMMITMENT TO FILL IT."

Alvin Nash
Foodbank Director

Total Action Against Poverty in Roanoke Valley, Inc.
Financial Report of Expenditures

Fiscal year ended April 30, 1985

	CASH EXPENDITURES	IN-KIND EXPENDITURES	TOTAL EXPENDITURES
VA DEPT. OF SOCIAL SERVICES			
Community Services Block Grant			
Central Administration	$ 95,321		
Personnel	88,676		
Planning	107,060		
Finance	241,542		
Human Services	4,656		
Manpower Support	38,419		
Human Resources	115,696		
Community Outreach	145,434		
Youth Services	68,148		
Food Bank	9,548		
Housing Services	111,895		
Jobs Bill	9,167		
Spouse Abuse	14,922		
TOTAL	$1,050,484	$ 238,936	$1,289,420
DEPT. OF HEALTH AND HUMAN SERVICES/OCD			
Head Start	$1,773,430	$ 576,670	$2,350,100
DEPT. OF LABOR (DOL)			
Fifth District Employment and Training Consortium – JTPA			
Construction Skills	$ 24,949		
Clerical Skills	58,650		
OJT – Public Sector	61,679		
Youth Project (REAP)	137,160		
Hard to Serve	36,072		
Pre GED (Alleghany)	25,951		
Job Search (Alleghany/Bath)	44,997		
Team (Workfare)	9,681		
Adult Basic Education/GED	11,748		
ABE (Workfare)	10,873		
Summer Youth Employment	357,190		
TOTAL	$ 778,950		$ 778,950
SHENANDOAH VALLEY PIC			
Summer Youth Employment (Rockbridge)	$ 130,280		$ 130,280
VA ASSOCIATION OF COMMUNITY ACTION AGENCIES (VACAA)			
Winterization Program	$ 496,585		$ 496,585
ROANOKE CITY			
Roanoke City Schools	$ 101,100		
Harrison Project	4,792		
Critical Home Repair	34,677		
Redevelopment and Housing Authority	29,777		
TOTAL	$ 170,346		$ 170,346
U.S. DEPT. OF EDUCATION/FIPSE			
Project Discovery	$ 66,443		$ 66,443
VA DEPT. OF EDUCATION			
Adult Basic Education/GED	$ 94,294		
Project Pride	42,097		
TOTAL	$ 136,391		$ 136,391
VA COMMUNITY ACTION RE-ENTRY SYSTEM (VA CARES)			
Ex-offender Readjustment	$ 2,598		
Pre & Post Release	66,486		
Highway Placement	16,689		
TOTAL	$ 85,773		$ 85,773
MENTAL HEALTH SERVICES OF ROANOKE VALLEY			
Alcohol Counseling	$ 34,545		$ 34,545
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			
Housing Counseling	$ 21,499		$ 21,499
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)	$ 7,713		$ 7,713
U.S. DEPT. OF AGRICULTURE (USDA)			
Food Head Start	$ 122,095		$ 122,095
OTHER	$ 300,768	$ 185,500	$ 486,268
TOTAL EXPENDITURES	$5,175,302	$1,001,106	$6,176,408
LOCAL CASH APPLIED	$ 140,750	$ 140,750	
TOTAL MATCHING		$1,141,856	
EXPENDITURES LESS LOCAL CASH	$5,034,552		

TAP programs are cost-effective and administrative costs low — 10 % for this year.

Statewide Programs Begun at TAP

"WHEN VIRGINIA CARES IS FULLY FUNDED, VIRGINIA WILL NOT HAVE TO BUILD ANOTHER PRISON."

Cabell Brand

Virginia CARES

Virginia Community Action Re-Entry System, established in 1976, is a network of community action agencies working with offenders and ex-offenders in 32 prisons. It is the only major prisoner program in the country that aids ex-offenders as they return to society. (About 95 percent do return to society.)

The recidivism rate — the percentage of offenders who lapse back into a criminal life style — was just 14 percent after five years. Reducing recidivism in Virginia returns $4 for every $1 spent. Virginia CARES asked the General Assembly for $2 million for the next two years.

This fiscal year, Virginia CARES served 1,184 inmates in pre-release programs, and 634 in post-release programs; counseled 212 family members of inmates; placed 316 in jobs or training; provided 138 with housing, 189 with food, 288 with transportation, 301 with counseling, and 1,558 with other services.

"NINETY PERCENT OF THE 13,000 VIRGINIA PRISONERS CAME FROM POOR FAMILIES AND NEIGHBORHOODS."

Cabell Brand

The need for a program like Virginia CARES is great. The United States tops the Soviet Union and South Africa in incarcerations, imprisoning more people than any other nation in the industrialized world. A half million are in American prisons with thousands more on hold in local jails. About 90 percent are poor. In Virginia, ex-offenders are returned to the community with just $25 in their pockets.

Virginia CARES was presented the Outstanding Organization Award for 1984-85 by the Virginia Council on Social Welfare for "outstanding contributions in the field of adult corrections."

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Engravings [illegible] by Roanoke Engraving Co., Inc.
Printing by Roanoke Printing Co., Inc.
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Virginia Water Project

Dr. Cobb describes the Virginia Water Project as "a major social program force in the state, in the southeastern region, and even nationally." He speculated that the project may one day have international ramifications, and quipped that it one day might be put to use on the moon.

TAP's Demonstration Water Project, started in 1969, was the first of 48 affiliate projects that make up the National Demonstration Water Project. It also was the model used by the Community Services Administration for its Southeast Rural Community Assistance Programs, which now provide local governments with training, technical assistance and seed funds for developing water and wastewater facilities, especially for low-income residents.

In Virginia, 80,000 families are still without complete plumbing. That number is nearly 90,000 fewer, thanks to the Water Project, than the 176,000 families without plumbing in the 1970s.

Operations for seven southeastern states are administered from TAP's headquarters.

Project Discovery

Project Discovery is the third TAP program to go statewide! High school students learn to set their sights on a college education, following the program motto, "leading to horizons unlimited." College campuses are the setting for workshops on goal setting, admissions, choosing a college, financial aid, and study skills. Most participants will be the first in their family to aspire to college.

Students, parents, school officials, college admissions officers, counselors, legislators, and community leaders have been unanimous in praising the program. The model began in the Roanoke City Schools and has been tried in Charlottesville, Alexandria, Abingdon and Richmond.

A root cause of poverty is lack of education. Low-income and minority youngsters do not go to college at the same rate as whites, nor do they graduate at the same rates. Sargent Shriver said he believed youth is the answer to ending poverty, and Project Discovery is proving an effective and cost-efficient way to give young people encouragement and inspiration to become the best that they can be.

Project Discovery, Inc., is requesting $1.6 million from the 1986 Virginia General Assembly to fund Project Discovery sites across Virginia. The Roanoke program is funded by a three-year grant from the Fund for Improvement of Postsecondary Education, U.S. Office of Education. We hope that in time this will be a national program, helping youngsters across the country to take part in the American dream.

BLAIR BUILDING
8007 DISCOVERY DRIVE
RICHMOND, VIRGINIA 23229-8699

(804) 281-9204

WILLIAM L. LUKHARD
COMMISSIONER

COMMONWEALTH *of* VIRGINIA
DEPARTMENT OF SOCIAL SERVICES

ESTIMATED BENEFITS OF THE COMMUNITY ACTION NETWORK TO THE COMMONWEALTH OF VIRGINIA - 1984-1985

EXECUTIVE SUMMARY

The twenty nine (29) local and statewide Community Action Agencies provide a variety of human services, education opportunities and technical assistance to low-income people and local governing bodies in 128 jurisdictions in the Commonwealth of Virginia. Although all programs stem from locally identified needs, it is impossible to place dollar benefits on all activities, nor have we attempted to generate statistical information about the economic impact of programs and organizations begun by Community Action Agencies (CAA's) and now operating independently. This report deals only with the primary employment, education, housing, water, emergency and ex-offender programs of these agencies that clearly lend themselves to analysis.

1. Community Action Programs leverage $6.51 for every $1.00 of Community Services Block Grant (CSBG) funds received utilizing the $5,575,623 of CSBG funds, local and statewide agencies leveraged $36,348,180 of other federal, state, local and private revenues for programs to address the needs of low-income people in the State. This is a 18.3% increase over funds leveraged in 1983-84.

2. 6,855 people were assisted to find and maintain unsubsidized employment. This is an 16.7% increase over 1983-84.

3. 17,404 households received one time emergency assistance.

4. 9,271 homes were built, saved, improved, weatherized, or subsidized through services provided through efforts of local Community Action Agencies, pre-purchase and default Housing Counseling, and Section 8 Administration. Agencies experienced a 68.5% increase in the demand for housing services.

5. 377 households gained access to water or sewer availability for the first time.

6. 5,683,300 was saved in arrest, jail, and prison cost by State and local governments through the Virginia CARES network and Community Sentencing and Diversion Programs.

7. 6,316 children between the ages of 3 and 5 years were enrolled in Head Start, Home Start, and Day Care, which results in a savings to local school division of 17,279,462.

ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION AGENCIES IN VIRGINIA - 1984-85

A. EMPLOYMENT (Paticipants - 11,404)

Acquisition of employability skills, occupational training and critical support services are the keys to sustained unsubsidized employment and self-sufficiency. During this year, the Virginia network of Community Action Programs provided training for 6,314 unemployed people, placed 2,919 participants in unsubsidized jobs, and assisted 3,492 workers to maintain their employment by providing critical support services and increased the income of 549 self-employed participants.

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES (1)	INCOME TO LOCAL GOVT. (2)
1. 2,915 youth between the ages of 16 and 21 years participated in the Summer Youth Employment Program. Program records show these young people earned:	$2,903,144	$5,806,288	$580,629
2. 3,144 parents of Head Start & Day Care children were enabled to work because of the full time child care program. Assuming each parent worked at least 9 months @ average monthly wage of $595, they earned:	16,836,120	33,672,240	3,367,224
3. 963 people were placed in unsubsidized employment upon completion of their training in Adult Basic Education, Occupational classroom training or OJT. The average monthly wage of these placements was $597. Assuming each person worked at least 5 months, they earned:	2,874,555	5,749,110	574,911
4. 1,240 people who participated in employment services such as job clubs, job banks, career exploration and job readiness activities were assisted in finding nonsubsidized employment. The average monthly wage was $597. Assuming each worked at least 5 months they earned:	3,701,400	7,402,800	740,280

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(1) The economic income multiplier has an estimated value of 2. That is salaries "turn over" 2 times in local economic activity.

(2) U.S. Chamber of Commerce estimates that local governments receive 10% of the salary "turn over" figure in utility, sales and real estate taxes.

ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION AGENCIES IN VA '84-'85

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES (1)	INCOME TO LOCAL GOVT. (2)
5. 168 participants in the Summer Youth Employment Program, over the age of 17 were placed in non-subsidized jobs at the end of the program. The average non-subsidized wage for these placements was $597 per month. Assuming each person worked at least 5 months, they earned:	501,480	1,002,960	100,296
6. 499 ex-offenders participating in re-adjustment programs were placed in non-subsidized jobs at an average monthly wage of $653. Assume each participant worked for 6 months, they earned:	1,955,082	3,910,164	391,016
7. 54 participants in Community Sentencing and Diversion Programs were able to continue their employment. At the monthly minimum wage of $536, and assuming each participant worked for 6 months, they earned:	173,664	347,328	34,328
8. 14 participants in the Alcohol Counseling Program who were employed when they entered the program, after counseling and a period of sobriety, found a job. Assuming each worked 3 months, @ an average of $580 per month, they earned:	24,360	48,720	4,872
9. 294 participants in the Alcohol Counseling Program who were employed when they entered the program, through treatment were able to maintain their employment. Assuming each continued to work at least 4 months @ an average of $580 per month, they earned:	682,080	1,364,160	136,416
10. 534 local craftspersons participated in CAA craftshops and programs. As a result of craft sales, each artisan's annual income increased an average of $182, therefore, they earned:	97,188	194,376	19,438

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ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION IN VA '84-'85

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES (1)	INCOME TO LOCAL GOVT. (2)
11. 15 families participated in a CAA sponsored Farmers Market. As a result of produce sales, each farmer increased his annual income an average of $167, therefore they earned:	2,505	5,010	501
12. Through the efforts of local CAA's and in coordination with other agencies, 19 new local businesses were established or expanded creating 35 new jobs. If these jobs are filled for 6 months @ $536 per month, the additional wage earning will generate:	112,560	225,120	22,512
OTHER BENEFITS FROM EMPLOYMENT PROGRAMS:			
1. 2,338 participants in the Summer Youth Employment Program returned to local public secondary schools. The average state reimbursement, (including ADM and sales tax returned to localities for education) is $1,005 per pupil. Assuming 95% (2,221) of the participants remain in school all year, localities will receive:			2,232,105
2. 697 participants in training programs will complete Jr. College or vocational training. Assuming they will earn at least $3,500 per year more because of their further education, and will work at least 6 months at that additional income level, they will earn additionally, because of the CAA interventions:	1,219,750	2,439,500	243,950

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(1) The economic income multiplier has an estimated value of 2. That is, salaries "turn over" 2 times in local economic activity.

(2) U.S. Chamber of Commerce estimates that local governments receive 10% of the salary "turn over" figure in utility, sales and real estate taxes.

ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION AGENCIES IN VA '84-'85

HOUSING (Participants: Families 4,323 Individuals 28,831)

A stable living arrangement in sanitary and safe housing is dependent upon timely payments by tenants/homeowners, availability of code approved units, rental subsidies, federal and state homeownership loans and sufficient support services. During this year, 2,445 families with 24,328 family members were able to remain in their homes through counseling for renters in arrears and homeowners facing foreclosure, and housing rehabilitation efforts. Additionally, 1,276 families, including 4,418 family members, found safe and decent housing through the efforts of local Community Action Agencies.

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES (1)	INCOME TO LOCAL GOVT. (2)
1. 22 new houses were purchased by low-income families with the assistance of local CAA's. 22 HUD/FmHA loans were packaged and approved. 2 of the houses were constructed by local agencies. The average value of these houses was $35,125. The average property tax is 83¢ per $100 of valuation (Dept. of Taxation). Localities received in additional property taxes approximately:			6,414
2. 46 houses were rehabilitated by CAA housing programs. Municipal assessors estimate a rehabilitated house will last at least 10 years longer and real estate taxes will increase. The average increased value of each house was $4,777. Property taxes @ 83¢ per $100, on increased value only, generated additional tax revenues of:			1,824
3. 111 houses guaranteed by HUD/FmHA loan programs were saved from foreclosure. Retention of these houses by the existing home owners assured continued tax revenues from local property taxes. The average value of the houses saved was $40,730. Applying the average property tax rate of 83¢, revenue generated was:			37,525

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(1) The economic income multiplier has an estimated value of 2. That is, salaries "turn over" 2 times in local economic activity.

(2) U.S. Chamber of Commerce estimates that local governments receive 10% of the salary "turn over" figure in utility, sales and real estate taxes.

ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION AGENCIES IN VA '84-'85

	DIRECT CLIENT INCOME	LOCAL ECONOMIC(1) ACTIVITIES	INCOME TO(2) LOCAL GOV'T
4. 280 subsidized units, (Section 8) providing shelter to 806 low income people were administered by local CAA's. The subsidy generated $530,491 annual income for landlords, and payment by renters of $220,000, resulted in approximately:		$1,500,982	$150,098
5. 3,210 families found rental housing through the efforts of local CAA's. These families paid, from their income, an average rent of $201 per month, which resulted in approximately:		7,742,520	774,252

C. CAA PERSONNEL

Local and Statewide CAA programs hire professional, para professional and unskilled workers. Many employees have originally been low-income program participants, today through education, training and on the job experience, they are among the ranks of professional and para professional. The average salary of a community action worker is $9,255.

1. 1,762 Virginians were employed by local and statewide CAA programs. During 1984-85, these employees earned:	$16,306,813	32,613,626	3,261,363

D. DIRECT INCOME TO LOCALITIES

Through the technical assistance provided to local government by the Virginia Water Project (VWP), many small towns and rural counties in Virginia are developing capability to provide their residents safe and sanitary drinking water and waste water disposal. Seed funds, and technical assistance provided by VWP assist local governments to compete for federal and state grants and low interest loan funds for system development.

1. Total amount of federal grant and loan funds leveraged by localities with assistance from the VWP			96,849,335

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(1) The economic income multiplier has an estimated value of 2. That is, salaries "turn over" 2 times in local activity.

(2) U.S. Chamber of Commerce estimates that local governments receive 10% of the salary "turn over" figure in utility, sales and real estate taxes.

ESTIMATED LOCAL ECONOMIC ACTIVITY GENERATED BY LOCAL COMMUNITY ACTION AGENCIES IN VA-'84-'85

RECAP OF TOTAL EARNINGS

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES[1]	INCOME TO LOCAL GOVT(
1. Direct Employment Services	29,864,138	59,728,276	5,972,828
2. Other Benefits from Employment Programs	1,219,750	2,439,500	2,476,055
3. Housing (Economic Activity & Taxes)		9,243,502	970,113
4. CAA Employees	16,306,813	32,613,626	3,261,363
5. Direct Income to Localities			96,849,335
TOTAL EARNING, LOCAL ECONOMIC ACTIVITY AND TAX INCOME TO VIRGINIA LOCALITIES:	$47,390,701	104,024,904	109,529,694

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[1] The economic income multiplier has an estimated value of 2. That is, salaries "turn over" 2 times in local economic activity.

[2] U.S. Chamber of Commerce estimates that local governments receive 10% of the salary "turn over" figure in utility, sales, and real estate taxes.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED
BY
COMMUNITY ACTION PROGRAMS

	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVIN TO LOCAL GOVT (ADMINISTRATIVE COS (3)
SAVINGS IN WELFARE EXPENDITURES AND EMERGENCY PAYMENTS BY WELFARE DEPARTMENTS		
1. 296 parents of Head Start and Day Care children were enabled through the provisions of child care services to leave the welfare rolls and obtain non subsidized employment. Upon becoming employed these parents avoided additional welfare payments for at least 6 months per family, saving an average ADC payment of $228 per month	404,928	80,986
2. 55 families of ex offenders, enrolled in readjustment projects left the welfare rolls. These families avoided additional welfare payments for at least 4 months per family, saving an average ADC payments of $228 per month:	50,160	10,032
3. 17,404 households containing 48,772 people were screened and received emergency assistance to ease the lack of food, shelter, utilities, fuel, clothing and health care during the 12 months. (Donations to meet these needs primarily are raised from churches, local civic groups and private citizens.) By providing crisis intervention conservatively, the following categorical savings were realized from welfare department emergency funds.		
a) 10,919 households containing 31,466 people received emergency food orders. Although all households were low-income, assume that only 1/2 of these families, 5,460 would otherwise have had to request $44 average emergency welfare grant for food, thus savings:	240,240	48,048
b) 3,154 households containing 9,076 people received emergency fuel or utility assistance. Although all households were low-income, assume that only 1/2 of these families (1,577) would otherwise have had to request the average $130 utility grant from the welfare department emergency fund saving:	205,010	41,002

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(3) Administrative overhead cost to the locality is conservately estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED BY COMMUNITY ACTION PROGRAMS

	SAVINGS IN PUBLIC EXPENDUTIRES (FEDERAL/STATE)	ADDITIONAL SAVINGS TO LOCAL GOVT. ADMINISTRATIVE COS (3)
c) 2,095 migrant and local households containing4,729 people received emergency funds to pay their rent, substantially reducing the incidence among the group of forced relocation, eviction or continued homelessness. Emergency fund request from welfare @ an average of $139 would otherwise have cost:	291,205	58,241
d) 2,961 people received medical assistance through direct payments to doctors, hospitals, pharmacist, ophthalmologist, dentist, etc. Although all households were low-income, assume that 1/2 of these 1,481 people would otherwise have had to rely on SLH. Fund payments of (741 inpatient days @ $157 per day for 5 days and 740 out-patient @ an average of $14 per patient) saving:	68,529	13,706
863 additional households, received emergency assistance for which savings can not be determined.		
4. 5,587 low-income homes were winterized saving an average of 30% per year on fuel bills. At least 20% of these households (1,117) avoided fuel assistance request to the welfare department (average $95) saving:	106,115	21,223
SUBTOTAL - Savings in Welfare & Welfare Related Payments:	1,366,187	273,238
SAVINGS ON GUARANTEED HOME LOANS		
1. Default counseling for families who were behind in mortgage payments and in danger of losing their homes, saved 99 HUD guaranteed homes from foreclosure. HUD estimates each foreclosure cost taxpayers approximately $12,000, so CAA counseling saved:	1,188,000	237,600

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(3) Administrative overhead cost to the locality is coservatively estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED BY COMMUNITY ACTION PROGRAMS

	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVIN TO LOCAL GOVT. (ADMINISTRATIVE COS ()
2. 12 FmHA guaranteed homes, whose owners were behind in mortgage payments, were saved from foreclosure through the efforts of CAA default Housing Housing Counselors. Each FmHA foreclosure cost tax payers approximately $1,200 (estimated by FmHA). Therefore, CAA counseling saved:	14,400	2,880
SUBTOTAL - Savings on Guaranteed Home Loans:	1,202,400	240,480
SAVINGS TO EDUCATION		
1. An estimated 50% (3,158) of the 6,316 children enrolled in Head Start/Home Start/Day Care will be able through the programs educational, nutritional and medical benefits to avoid Special Education @ $3,644 per year per child, and go into regular classrooms. Savings in their 1st year:	11,507,752	2,301,550
2. 761 handicapped children receiving special services in the Head Start Program avoid enrollment in the public schools preschool, Project Reach (@ $3,800 per child per year) saving:	2,891,800	578,360
3. 50% (508 of the 1,015 adolescents enrolled in CAA tutoring and alternative schools increased their academic competencies and remained in school. These students remained on attendance rolls reducing the potential for loss to the locality of state education funds ($1,320 per student per year) by:		670,560
SUBTOTAL - Savings to Education:	$14,399,552	$3,550,470

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[3] Administrative overhead cost to the locality is conservatively estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED BY COMMUNITY ACTION PROGRAMS

	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVINGS TO LOCAL GOVT. (ADMINISTRATIVE COST)(3)
SAVINGS IN MEDICAID/MEDICARE EXPENDITURES		
1. An estimated 10% (1,962) of the people whose homes were weatherized avoided cold related illness. Assuming that 1/2 of these persons were eligible for Medicaid/Medicare (average $1,895/hospitalization) this saved:	1,858,995	371,797
2. A conservative estimate is that 5% (2,439) of the 48,772 persons in the households receiving emergency assistance remained healthy. Assuming that 1/2 were Medicaid eligible and avoided a 5 day hospital stay @ $1,895, this saved:	2,311,900	462,380
3. Approximately 20% (217) of the clients in the alcohol counseling program avoided a hospital stay because of better health from longer periods of sobriety following counseling. Assuming that 75% would have been eligible for Medicaid, the missed hospitalizations saved (@ average Medicaid paid stay of 5 days @ $379 per day) saved:	61,777	12,355
4. 4,483 individuals received medical screening and/or treatment through CAA sponsored free medical and dental clinics, health screening stations, and free and reduced physican plans. Records suggest that 25% of the clients (1,121) avoided a hospital stay because of early diagnosis and treatment. Assuming 80% would have been Medicare/Medicaid eligible (average $1,895/hospitalization) the saving from missed hospitalizations was:	1,699,815	339,963

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(3) Administrative overhead cost to the locality is conservatively estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED BY COMMUNITY ACTION PROGRAMS

	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVINGS TO LOCAL GOVT. (ADMINISTRATIVE COST) (3)
5. 84% (208) of the 249 elderly participants in CAA Homemaker/Chore Services/Health Aide Services were able to remain in their homes and avoided placement in a nursing home or home for adults. Therefore, avoiding Auxiliary Grant payments (@ average $4,500 per year) of:	936,000	187,200
SUBTOTAL - Savings in Medicaid/Medicare and their Health Programs:	$6,868,487	$1,373,697
SAVINGS ON COST OF ARREST, JAIL STAYS, DETENTION		
1. Offender Program follow-up records of Virginia CARES and affiliate programs, indicate that clients have significantly lower felony recidevism rates after having completed the programs. Of the 1,305 participants in these programs, utilizing the state recidivism rate of 36%, 470 clients should have been arrested after leaving the program. Actually, only 166 were arrested and convicted. Assume that at lease 1/2 (152) "missed" arrest, can be credited to Virginia CARES and affiliate CAA ex-offender programs counseling, readjustment services and employability activities this saved (@ average cost per felony of $20,000):	3,040,000	608,000
2. 377 misdemeanants and non violent offenders participated in Community Sentencing and Community Diversion Programs operated by VA. CARES and local CAA's. Community Service valued at $115,183 rather than an average local jail stay of 6 months (@ $25 per day) saved:	1,696,500	339,300
SUBTOTAL - Savings of Arrest, Jail and Prison Stays	$4,736,500	$947,300

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(3)Administrative overhead cost to the locality is conservatively estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS TO THE PUBLIC GENERATED BY COMMUNITY ACTION PROGRAMS

RECAP OF PUBLIC SAVINGS AND ADMINISTRATIVE OVERHEAD SAVED BY LOCALITIES:	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVINGS TO LOCAL GOVT. (ADMINISTRATIVE COST) (3)
1. Savings in Welfare and Emergency Payments	1,366,187	273,237
2. Savings on Guaranteed Home Loans	1,202,400	240,480
3. Savings to Education	14,399,552	3,550,470
4. Savings in Medicaid/Medicare and other Health Programs	6,868,487	1,373,697
5. Savings of Arrest, Jail and Prison Stays	4,736,500	947,300
TOTAL PUBLIC SAVINGS AND ADMINISTRATIVE OVERHEAD SAVED BY LOCALITIES:	$28,573,126	$6,385,184

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(3) Administrative overhead cost to the locality is conservatively estimated at 20% of the cost of the client benefit.

ESTIMATED SAVINGS AND LOCAL ECONOMIC ACTIVITY GENERATED
BY COMMUNITY ACTION PROGRAMS IN VIRGINIA
1984 - 1985

RECAP OF TOTAL EARNINGS:

PAGES 1 - 6

	DIRECT CLIENT INCOME	LOCAL ECONOMIC ACTIVITIES	INCOME TO LOCAL GOVTS.
1. Direct Employment Services	29,864,138	59,728,276	5,972,828
2. Other Benefits from Employment Programs	1,219,750	2,439,500	2,476,055
3. Housing (Economic Activity & Taxes		9,243,502	970,113
4. CAA Employees	16,306,813	32,613,626	3,261,363
5. Direct Income to Localities			96,849,335
TOTAL:	$47,390,701	$104,024,904	$109,529,694

RECAP OF PUBLIC SAVINGS AND ADMINISTRATIVE OVERHEAD SAVED BY LOCALITIES

PAGES 7 - 12

	SAVINGS IN PUBLIC EXPENDITURES (FEDERAL/STATE)	ADDITIONAL SAVINGS TO LOCAL GOVT. (ADMINISTRATIVE COST)
1. Savings in Welfare & Emergency Payments	$ 1,366,187	$ 273,237
2. Savings on Guaranteed Home Loans	1,202,400	240,480
3. Savings to Education	14,399,552	3,550,470
4. Savings in Medicaid/Medicare & Other Health Programs	6,868,487	1,373,697
5. Savings of Arrest, Jail & Prison Stays	4,736,500	947,300
TOTAL:	$28,573,126	$6,385,184

Mr. **Kildee**. Thank you, Mr. Brand. Your testimony was powerful, excellent. I wish I could send you to each congressional office to give that same testimony. You would do a far more powerful job than myself. That is excellent. I really appreciate your coming here today.

We will probably take the rest of the panel and then ask questions, if you can remain, Mr. Brand.

I see Congressman Berkley Bedell sitting here.

Mr. **Bedell**. I came to support Cabell and to introduce him. He is an old friend. But he doesn't need any support, I don't think.

Mr. **Kildee**. You pick your friends very well, I will tell you that. I would like to have friends like that, excellent.

Congressman Bedell, do you have any comments you want to make? I appreciate your presence here this morning.

Mr. **Bedell**. No, thank you.

Mr. **Kildee**. That was excellent testimony.

Mr. Saucier.

Mr. **Saucier**. Thank you, Mr. Chairman and members of the committee.

I am the CSBG director in the State of Georgia, part of a large human resource agency with about 28,000 employees. We manage all six block grants that come to the State.

I represent, as the chair, the National Association of State Community Service Programs.

Before I get into summarizing my testimony, I, too, would like to respond to some of the comments that were made by Mr. Speers. They hardly require response because they are so off the wall, but for the record I will make some comments.

Two of the points that permeated his whole testimony were that CSBG is duplicating services provided by other agencies and that there are duplicative administrative costs.

Now, the allegation that CSBG agencies, primarily CAP agencies, are duplicating services is about like saying that the 30 shelters for homeless people in the city of Atlanta each are duplicating what the others are doing. Yet at the same time they are not providing shelter for half the people on the streets.

At this point in time, because of the tremendous human suffering and human need in the State, there are many, many people that depend on Social Services Block Grant money and other categorical funded programs that are not being served.

At one time I was the title XX administrator. That was before it was a block grant. It was truly the first block grant that the Federal Government established, when it was title XX. It still had too many regulations. It is working better since it has become a true block grant.

In our agency I have had the opportunity, if not to manage, to observe and to take a look at all the services we provide throughout our State.

Now there are thousands of elderly citizens who cannot go to either congregate meal programs or get home delivered meals when they are homebound, because there is not enough money.

They depend on Social Services Block Grant money, they depend on the Older Americans Act money.

There are thousands of mentally retarded individuals who need community day programs for training to function at their best and give the families some relief. There are not enough funds.

The States—Georgia is supplementing Social Services Block Grant money by several million dollars. Not enough. Still there are people going unserved.

This, to me, says that the administration doesn't understand what is happening out there, and furthermore, they don't care. They don't come out and see.

I was fortunate. About a year ago I got Harvey Vieth, who was the then director of the Office of Community Services, to come by my office, the first State CSBG office he had been at. He was there to participate in dedicating a daywork center, to try to place street people in jobs for the day.

I wouldn't have gotten him there if it were not for that special program.

Harvey Vieth was amazed at what we were doing and how we are managing CSBG. From that point on he began privately to commend CSBG and community action agencies.

I said, be careful, don't let the administration know that, Harvey.

The other charge that Mr. Speers made was that there are duplicative administrative costs. Now, that is implying that you are paying administrative costs twice from different courses of funds.

The facts are that by sharing the administrative costs of several programs you have efficiencies of size. It decreases the unit cost for administering the CSBG and the other programs.

In Georgia, we have a State law that requires a single audit of all private human service providers. The Federal law requires that all public providers have a single audit.

His allegation that auditors can't track the source of money and how it is being spent is ridiculous.

We also require a single cost allocation plan for all the provider agencies. We assist them in how to cost out the central and direct costs.

So, those charges are simply ridiculous.

It is interesting that the two tests he says that a worthwhile agency ought to meet, that of being nonduplicative and that of being essential, we pass the tests with flying colors, the community action agencies do. There is no question about it, for those of us who really know what is happening out there.

There are other things that maybe I will have an opportunity to touch on as I go through summarizing my testimony.

The typical State director of a CSBG manages two or more programs. Not a single State has a single purpose CSBG office.

So, the allegation that if you abolish CSBG you would abolish administrative costs is not well founded.

The typical State CSBG office manages CSBG, weatherization, low-income home energy assistance, distribution of surplus foods—those are the major ones—and many other programs.

The block grants are working well. I think State administration of CSBG, the Community Service Program, in most States has resulted in more assistance to the CAP agencies in improving their management, improving their effectiveness, and targeting their funds on dealing with the causes of poverty, rather than a broad scattering of services that deal with poverty in general.

We, in Georgia, delegate local decisionmaking to the local agencies and their boards. Who are we to sit in Atlanta and say which is the most serious poverty problem in a local community and what are the causes of those problems?

All we require, then, is that they first determine what are the causes of the poverty problems that are listed in the law, and then develop strategies that they believe have the best promise of remedying those causes.

Now, if that is unemployment, you don't just helter-skelter go out and try to get jobs for people, but you have to analyze why there is unemployment. Are there not job opportunities because of discrimination? Is there a lack of skill on the part of the poor people? Are they not able to read and write, is illiteracy the problem? And it is a rampant problem in this country.

It is hard to believe the percentage of persons who are functionally illiterate in this country, and it clearly limits their employability.

Is it because the mothers, single parent households don't have day care to support their working, or they are not able to have transportation to the job?

They need to find out what the causes of the problems are and then develop strategies to deal with that cause or causes.

And CAP agencies have been doing this all along, but, I think, State agencies have been assisting in helping them to do a better job of strategic planning and collaborating with other agencies.

The fact that CSBG is within our Human Services Department gives us an administrative opportunity to assure that there is close collaboration between all the providers throughout the State.

Without CSBG providers, without CAP agencies primarily, most of the States would have great difficulty in delivering other poverty services that the State is responsible for. That has been touched on here in several ways.

For example, there is a statutory limit on how much money can be spent for weatherization. Social Services Block Grant money supplements the cost of the Weatherization Program.

There is only a $50 million appropriation available to take care of the transportation, storage and delivery, distribution, of surplus foods. It doesn't begin to touch the need. So, CSBG funded staff take applications and arrange for thousands of volunteers to distribute those commodities.

The refusal of the Supreme Court to consider the *Exxon* case, therefore letting the lower court order stand, means that over $2 billion now is going to be available to the States for low-income home energy assistance and other energy related programs.

As was mentioned earlier, Mr. Chairman, you mentioned the law prohibits—the Court prohibits any of that money being used for the administration of that particular fund.

Well, how is it going to be done? In most States, CSBG is the only source of funding that is going to enable the States to get those benefits to people who need that.

The Reagan administration has worked tirelessly over the last 4 years—you, of all persons, are aware of that—to abolish the Community Services Block Grant Program.

They say that the States are in so much better financial shape than the Federal Government, and I don't argue with that. But the poor throughout this country are not organized, they don't have a power base, they don't have influence to really have an impact on the political process.

A previous witness commented so beautifully on how local government have really not addressed the problems of the poor and minorities.

There are too many urgent needs at the State level that are competing for scarce State dollars. Our State ended up with a surplus this year, in the legislative session now. But there are about 10 times as many needs to claim that surplus as can be met.

Most States have a constitutional limitation on deficit spending. So, they have a difficult choice to make among competing needs.

So many of the programs do have people with influence to advocate of them. In Georgia, one of our top priorities right now is to improve the educational system. It is way down in ranking nationally with other States. It is important to improve the educational system. Everyone, regardless of their income, needs a good educational system.

We still have, as I mentioned earlier, many retarded persons who don't have the benefit of community-based services. Many elderly persons, and that is a growing service population that we need to serve, need additional State funds. The Federal funds that are available just are not sufficient. Each year the State legislature has to deal with that.

It is my experience that these programs, these other programs that serve all socioeconomic groups, advocates for those do come from a position of power and influence, because it touches all social and economic levels.

The poor really cannot be competitive for all these other services.

The Reagan administration has also talked about merging Social Services Block Grant and CSBG. Now, that is just a tactic. They don't believe that Social Service Block Grant money can fill the void. There is just no way, because there is not enough Social Services Block Grant money to meet the needs that they are designed for.

The very nature of the services that are offered are those that most often are required by State and Federal law. The legislature is going to fund those programs first.

You are very well aware, Mr. Chairman, of the increased incidence of child abuse and neglect. Our staff that are funded primarily from SSBG money and State funds can deal only with the most critical problems. There is no such thing as early intervention. That is a demand on State funds that is not being met.

State law says that we shall do that but we don't have the resources with which to do it.

The administration also testified to the fact that we could save administrative costs. Well, within the States' CSBG directors, 44 percent of them operate the LIHEAP Program, 27 percent operate the Weatherization Program, 20 percent operate surplus foods, and 57 percent of the CSBG offices at the State level operate other programs.

So, those administrative functions are going to be there whether you have CSBG or not. So, that is not going to save any money.

Now, we know that CSBG money is an integrating force. It is the glue that holds the community action agencies together.

It is the resource, as was so beautifully articulated earlier, that enables the agencies to be viable human service providers, so that they are competitive for grants and contracts.

In addition, they have organized and developed private resources, not other public sources, totaling over $153 million, and they have secured more than 27 million hours of volunteer services, not many that have the record that Mr. Brand has here.

Let me illustrate how other services, funded by other sources, just will not be available without CSBG.

I am sure you are familiar with the 16B2 Vehicle Program operated by the Department of Transportation to make vehicles available to get handicapped, elderly, and poor people to services.

No funds go with those vehicles for drivers or maintenance, and most communities without CSBG money, those vans and buses are not going to operate.

Is that duplication of services? That is enhancing the provision of other critical services.

In Georgia, the only coordinated transportation, communitywide transportation systems for the elderly, the poor and the disabled are managed by the community action agencies. Their model goal is to have more and more of those in the State, to cut down duplication in costs of buses and drivers.

If they are not coordinated, buses will sit at a facility the biggest part of the day and won't be used. An integrated system will make it fully used and unit cost for trips will be reduced considerably where you have this kind of coordination.

CAP's are the ones in our State who are contributing to that kind of coordination.

CAP's are just such essential human service providers. In Georgia, we would have difficulty, as a department of human resources, finding service providers outside of urban areas to deliver many of our services, day care for children, services to the elderly, without community action agencies.

In fact, in Georgia, if we don't have community action agencies—and if we cut out that 12 percent, we are not going to have community action agencies—we might have agencies, but they won't be community action agencies—if we didn't have community action agencies, we would have—I doubt that we could find any other dependable agency to distribute surplus foods. They are not going to take on the added cost of doing it.

We would really be in a bind if we didn't have CAP agencies to turn to.

Now, with the reality of Gramm-Rudman, which is going to cut human services, in my judgment, at least by 25 percent unless there is some new revenue from some source, it is even more crucial that the Congress reauthorize at increased funding for CSBG.

CSBG funds, because of the flexible nature of the money, because they are managed at the local level, provide the only true safety net there is.

They will be in a position with increased funding to relieve some of the human suffering that is going to be caused by Gramm-Rudman.

Now, there is no fat there, as was mentioned earlier. Back in 1982 we took an average of a 20-percent decrease at all human service programs, and believe me, we had to use every kind of gyration we could to cut administrative costs, minimize service cuts.

It is going to cut deep unless the Congress can find some other way to deal with the human needs throughout this country.

The loss of general revenue sharing money is going to deprive many CAP agencies of an added resource. As in Georgia, many local jurisdictions are making some general revenue money available to CAP agencies to supplement their inadequate budgets. That will no longer be available. That again is another reason why there is a critical need for an increase in CSBG money.

Congress was very wise in requiring the 90-percent passthrough, and I am saying this not as a CAP administrator but as a State administrator, that were it not for this requirement I am satisfied that State government would redirect CSBG money to other pressing needs. They would be spent well, but they wouldn't be spent for dealing with the underlying causes of poverty.

Let me back up to mention the difference in programs funded, the Older Americans Act, JTPA, and Social Services Block Grant.

Those funds are made available to the CAP agencies under contract for defined services for specific clients. They cannot be used to address in a generic sense the underlying causes of poverty. They are there specifically to buy day care, they are specifically there to buy meals for the elderly, they are specifically there to provide protective services to neglected and abused children. They cannot be used to deal with the underlying causes of poverty.

In many communities there are no resources to deal with people in distress who do not fit one of these other patterns.

In Georgia, we don't have an unemployed fathers program. I hope Congress can reach agreement on that budget reconciliation act and mandate States to have an unemployed fathers program. It is very, very much needed. I don't think our State legislature would do that if it is not mandated by the Congress.

I think it is crucial also that this committee of the Congress reauthorize CSBG along with Head Start and low-income home energy assistance. They need to be on the same time track.

Including these three programs in the same reauthorization will promote service coordination, will enable the agencies, provider agencies to make a family focus in their efforts to help people—the administration says it supports helping the family—and it will also contribute to comprehensive planning by the provider agencies.

Mr. Chairman, I have taken too much time. I appreciate the opportunity to express our views and I speak for all the community service administrators throughout this country.

[The prepared statement of H. Herschel Saucier follows:]

PREPARED STATEMENT OF H. HERSCHEL SAUCIER ON BEHALF OF THE NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

Mr. Chairman, and members of the Subcommittee on Human Resources, I am Herschel Saucier, the CSBG Director for the State of Georgia and Chairman of the National Assocaition for State Community Services Programs (NASCSP). I appreciate this opportunity to present our views on the importance of reauthorizing the Community Services Block Grant (CSBG) and its continued funding.

The NASCSP is a professional membership organization whose members are the State CSBG Directors. In addition to having responsibility for managing the CSBG program in our states, the typical CSBG Director also manages one or more additional poverty programs; weatherization, low income home energy assistance, or surplus food distribution. The State CSBG offices also provide management training and technical assistance to the private non-profit community action agencies which receive at least 90% of our CSBG funds and manage many other human service programs.

The Block Grant is Working Well

Studies done by the CBO and other groups on the effectiveness of block grants have consistently given good marks to the states. We believe that state management of the CSBG has strengthened the local community service provider agencies. States have done this with little assistance from the responsible federal agency, the Office of Community Services (OCS). The one way OCS has helped is to award a grant to a firm who, with our help, has developed and operated a national voluntary community services information system. This voluntary system provides the only national information to Congress about the CSBG programs. (See Attachment A).

Emphasis on Local Decisions/Control

The CSBG is a small program with only $335 million going to the states to address the causes of poverty. These funds have a value to local communities over and above their dollar value. Provider agencies which typically are community action agencies, have a great deal more flexibility in the use of these funds than other funds available to them. In Georgia, for example, the local citizen Boards of the private non-profit agencies decide how CSBG funds can best be used to address the causes of poverty problems outlined in the law. We in Atlanta nor CAA staff tell the local community which poverty problems are more important to address. The local Board, made up of one-third elected officials or their representative, one-third representatives of the poor, and one-third representing business, industry, labor, religious, welfare, education or other major groups, is in a much better position to identify the causes of local poverty problems and design service strategies to address those causes.

The citizen Boards may decide on the service strategy they believe will have greatest success in dealing with any one of the poverty problems. If unemployment is a major problem, they must determine what is causing unemployment. Is it a lack of job skills, illiteracy, lack of available jobs, inadequate child care, or what? They then must design service strategies to deal with that specific cause or causes.

Use of CSBG Funds by the States

In 1984 Federal CSBG funds were spent to address the following poverty problems and their cause:

1.	Unemployment and Under Employment	3.2%
2.	Inadequate Education	4.1%
3.	Inefficient/Ineffective Use of Available Income	4.1%
4.	Inadequate Housing	3.5%
5.	Inability to Meet Emergency Needs	9.1%
6.	Inadequate Food and Nutrition	37.8%
7.	Ineffective Use of Available Programs and Services	38.2%

Without CSBG funds the states would have difficulty delivering other poverty services and benefits to the poor, elderly and disabled. For example, there is a statutory limitation on how much weatherization money can be used for administration so CSBG funds supplement that program. The $50 million available to pay for transportation, storage and distribution of surplus food commodities is not adequate so CSBG paid staff take applications and arrange for thousands of volunteers to distribute surplus food. The Supreme Court recently allowed a lower court decision to stand in the Exxon Oil penalty case which makes over $2 billion available to states for low income energy assistance and other energy related purposes. The Warner amendment prohibits the use of any of the oil penalty funds for state and local administration. CSBG funds are the only funds available in most states to help deliver these resources to the poor.

The Reagan Administration contends that since states are in better financial health than the Federal government the states will fund the poverty programs if CSBG is abolished. Based on our experience at the state level, this will not happen. The poor throughout the country are not well organized and have no power base and little influence on the political process. They cannot compete for scarce state funds as well as other advocate groups. There are too many urgent needs facing state legislatures. Improved public education is now a top priority in Georgia and in most states. Rich and poor alike need a good education system. Other human services such as rehabilitation services, mental retardation and other developmental disability services, services for neglected and abused children, services for the mentally ill and substance abusers, and services for a growing elderly population all have need for additional state funds. These programs serve persons from all socio economic levels; persons who have influence. The persons served by CSBG cannot compete with these other state needs without the CSBG support.

The Reagan Administration has worked tirelessly over the past four years to abolish CSBG. Last year when Assistant Secretary Dorcus Hardy testified before this Committee she recommended that the CSBG and the Social Services Block Grant (SSBG) be merged as they served the same group and financed the same services. She wanted to abolish funds for CSBG and suggested that SSBG funds would fill the void. Ms. Hardy was either poorly informed or was attempting to mislead the Committee. The SSBG funds are all committed, locked in, to support high priority state services which are mandated by state and federal law. Most states invest millions in state funds to supplement already inadequate SSBG support. The SSBG supports services such as community day centers for the mentally retarded, day centers and meals for the elderly, day care for children of low income working mothers, protective services to neglected and abused children, and many other such services. Community Action Agencies would have no chance whatever to convince state government to reallocate SSBG funds to replace lost CSBG funds.

Ms. Hardy testified that the merger of CSBG with SSBG would make it unnecessary to have a separate administrative structure for CSBG. The fact is that no state has a separate office to administer CSBG. The typical state CSBG office manages two or more programs. Forty-four percent of the CSBG offices manage LIHEAP, 27 percent manage weatherization programs, 20 percent manage surplus food distribution, and 51 percent manage other programs.

The Assistant Secretary also suggested that since only about 12 percent of the funds available to Community Action Agencies come from CSBG that no great harm would be done if CSBG were abolished. This again demonstrates her lack of understanding of how CSBG and SSBG funds are being used. We know that CSBG funds are the integrating force, the glue that holds the CAA's together. CSBG is the resource which enables the CAA's to be viable service providers which can compete for other service grants and contracts as well as to mobilize other private and public resources for the poor. In 1984, CAA's mobilized non-public, private resources for the poor of more than $153 million. In addition they secured 27,182,685 hours of volunteer services. Other grants and contracts are categorical and restricted in use for specific services for defined client groups. They cannot be used to address, in a generic sense, the causes of poverty. Let me illustrate how other programs are enhanced by CSBG. The 16 BII vehicles available through the Department of Transportation carry no resources with them to provide drivers or maintenance. Without CSBG funds many of these vehicles will not operate to serve the poor and elderly.

Community Action Agencies are Essential Human Service Agencies

Last year when we faced the possibility of no appropriation for CSBG, we polled the CAA's in Georgia to assess how many could survive without CSBG funds. Twelve of the twenty-two agencies said they would fold within six months. Without CAA's in Georgia, our Department of Human Resources would be hard pressed to find local agencies outside of urban areas from which to purchase many critical public services such as day care for children and meals for the elderly. In Georgia I don't believe the state could find a local provider to distribute surplus foods if CAA's are not available. States need CAA's for many purposes in addition to providing CSBG services.

With the reality of Gramm-Rudman-Hollings (Deficit Reduction Act of 1985) which will likely reduce federal funds for most Human Services by more than 20 percent in 1987, reauthorization and increased funding of CSBG is even more crucial. CSBG funds, because of their flexible use at the community level, can provide the best possible safety net to assist families, children, the elderly, and the working poor, who will suffer because of Gramm-Rudman cuts. The loss of General Revenue Funds to city and county governments means the loss of funds to CAA's. Many local jurisdictions throughout the country, as in Georgia, have assisted CAA's financially through General Revenue Funds. Loss of this source of funds to deal with poverty problems makes an increase in CSBG funds even more essential.

Congress was wise in requiring the 90 percent pass through to eligible entities. Without this requirement, many CSBG dollars may be redirected by state government to meet other pressing human service needs. We urge this Committee and Congress to support the reauthorization of CSBG with no substantive changes in the language of Title II of the Human Services Reauthorization Act of 1984 (P.L. 98-558). We also urge you to reauthorize CSBG in concert with Head Start and Low Income Energy Assistance as you did in 1984. A large majority of local agencies, mostly Community Action Agencies serving as CSBG providers, also administer Head Start and LIHEAP, making it important that all three programs remain on the same time track. Including all three programs in the same authorization will promote service coordination, help focus on meeting family needs and facilitate comprehensive planning by the provider agencies.

We greatly appreciate this opportunity to appear before this Committee and will be happy to provide you with any additional information you may need.

PRELIMINARY ANALYSIS OF THE 1984
VOLUNTARY REPORTING ON CSBG

BY THE

NATIONAL ASSOCIATION FOR STATE
COMMUNITY SERVICES PROGRAMS

A. Efficiency and Focus on Basic Poverty Issues

1. When the program was turned over to the States there had been a Federal oversight staff of almost 1,000 people, and State staff of almost 100.

   The program now has a Federal oversight of 56 people. A total of 42 states now have 467 positions paid by CSBG funds to manage CSBG programs.

2. The block grant has enhanced the states' abilities to enact policies and provide individualized programs to meet state and local needs. The separation of this Block from the other block grants gives a lot of flexibility to the State and to the local jurisdictions.

3. There has been an increase in the accountability of the CSBG dollars at the State level, resulting in cleaner books, fewer audit questions, and definitely a reduction of bad press.

4. Program Coverage has been extended to over 200 new counties throughout the country with a minimum of disruption and with no new additional dollars. This coverage was added in areas that historically had not designated a CAA, but now have accepted CSBG since it is a State operation.

5. States have basically accepted the premises and the foundations of Community Action, and have done little to alter the fundamental purposes of the program. They have changed many specific program thrusts but have kept the theoretical concepts.

6. States have accepted the structure of the Community Action Agencies to be operators of local antipoverty programs. Through the past three years States have increased the funding to the CAA's and depend on them to be the coordinator of the programs at the local level. They accept the premise that you need to fund such a core at the local level.

   The structure of program delivery at the local level has now been incorporated into the State Delivery System of programs for the poor. It has become institutionalized and has become a very efficient system for the states.

7. Program operations and amount of dollars in the program have increased with the States expanding their usage of the community action system.

B. Change - New Directions

8. The Congress first made this block grant effective in 1982, and now this legislation is coming to the end of the first major test period. There are a number of facts that Congress should consider before they make changes.

   Progress is as slow in program operations as it sometimes is in the Legislative process. The Block is really only three years old and has gone through a variety of administrative as well as programmatic changes. Further changes are being planned or implemented by the states.

9. Most of the states have revised their administrative structure, procedures, and thrust of their program objectives during the past four years. They are only now getting comfortable in this block grant and have tailored it to the administrative needs of each of the States.

10. Many states are considering new approaches in their programmatic mix in the coming year which will further diversify the CSBG into the 50 separate CSBG operations. Their plans and intentions are as diverse as the separate states.

11. The ownership and enthusiasm by the states for the CSBG is at the highest level since the program was initiated as a block grant.

12. The number of seminars and training sessions have greatly increased at the State level. This is indicative of the new commitment to helping improve program operations and the increased spirit that is evident within the program.

13. The movement taking place within individual states is indicative of the growth taking place. With this program coming out of the infancy of the block grant era, the second phase of the growth of this block should be allowed so good evaluation can be made of this public policy decision. Congress needs to look at all the changes that have taken place in the past four years before making any major changes in the block grant.

Mr. **Kildee**. Thank you very much for your testimony.

Ms. Lewis.

Ms. **Lewis**. Thank you, Mr. Chairman.

I am Caroline Lewis, and I am the executive director of Community and Family Services. We are a not-for-profit community action agency located in the east central portion of Indiana.

As my fellow panel members have stated prior to my testimony, the fact remains that the community block grant is a necessity for the continuation of our community action agencies.

I challenge the statements that were made by Mr. Speers in relationship to the duplication of effort from other resources.

Indeed, there are administrative costs attributable to those particular proposals and grants. However, there are other costs that go into the management of those programs that cannot be taken out of those minor amounts of money.

For instance, the women, infants, and children program has a limitation of 5 percent administrative cost. There is the necessity for housing that program.

The Head Start Program has a limitation of 15 percent. There is a necessity for there to be staff members, teachers, a director, other people who are responsible for the management of that program.

The community action agencies are getting very minimal amounts of funds from those particular amounts in order to administrate those programs. But yet and still, they are effectively being run.

You also have to take into account the number of children that are in a program, as versus the amount of administrative costs that go into the operation of it. Indeed, they are different and that needs to be specified.

We in our communities, which are rural, rely on the Community Services Block Grant to initiate the programs that are needed for the poor.

The food banks, the prenatal clinics, the clothing centers that my particular agency has been responsible for directly administrating for the last 20 years to the community as a whole, have not come about through any other means other than those local initiatives, those very flexible moneys that come about through the Community Services Block Grant.

We, in effect, have not relied on other resources, other than, as Mr. Brand so eloquently put, volunteers who come forward, people who give of their time far beyond the amount of moneys that are paid in terms of staff costs, to assure that the people who are in need indeed are met and are not left in a lurch wondering where, in effect, they would go if there was no other resource to rely on.

In rural Indiana, as most of our community action agencies are placed, there are no other resources and the major governmental resources that are present come to us to deliver those services, basically because we have the notoriety and we have the ability to do so without there being any stumbling blocks to delivery.

The resources come to us to ask us to help deliver commodities. We, in effect, provide job training service. We, in effect, help the elderly in terms of transportation, help our meals program. There are a multiple of different resources that are provided via our flexibility and the Community Services Block Grant, as Mr. Saucier has indicated, is the glue which holds those other programs together.

Speaking from a community action director's perspective, I would like to assure to you about duplication of administration.

Our oversight in terms of our State government, the Indiana Department of Community Services and Aging, assures a monitoring process, a fiscal review and, as all my fellow CAP directors know throughout the Nation, the audit.

We are audited continuously. Assuredly, we would not be so reckless or so frivolous as to take duplicative costs from programs when we know that you cannot hide costs from auditors. And why would you? There would be no necessity in doing so, and it would amount to nil.

I want to emphasize to you the fact that in the State of Indiana last year the community action agencies mobilized in excess of 31 million pounds of surplus commodity foods. These foods received no administrative costs or they received such minimal administrative costs until the people would not have been able to receive those had it not been through the initiatives imposed via our agencies.

In closing, I would just like to say from a quote taken from our President, and it means a lot:

"As long as there is one person in this country who is hungry, then that is one person too many, and something must be done about it."

I challenge you to assure, as you have been, to keep that Community Services Block Grant present. We need it.

I thank you very much.

[The prepared statement of Caroline Lewis follows:]

PREPARED STATEMENT OF CAROLINE LEWIS, EXECUTIVE DIRECTOR, COMMUNITY AND FAMILY SERVICES, INC.

Honorable Committee Members:

Thank you for inviting me to give testimony today on why the Community Services Block Grant should be continued beyond its current date of authorization, September 30, 1986.

My name is Caroline Lewis, Executive Director of Community and Family Services, Inc., a not for profit Community Action Agency, incorporated to service the counties of Blackford, Jay, Huntington, Wells, Adams and Randolph in the east central portion of the State of Indiana. I have been their Executive Director since relocating from Detroit, Michigan to Muncie, Indiana six years ago.

Community and Family Services, Inc. has been a service to these communities since 1965. Twenty years of administrating programs targeted for the low-income. Our overall mission being "the elimination of poverty in the midst of plenty". A phase taken directly from the preamble of the Economic Opportunity Act of 1964.

> "It is the policy of the United States to eliminate the paradox of poverty in the midst of plenty in the nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity."

Since the enactment of the Omnibus Reconciliation Act of 1981, Community and Family Services, Inc. has been attempting to carry out that mission through the much needed assistance of the Community Services Block Grant. This act enables the Governor of our state to allocate 90% of the C.S.B.G. funds to Community Action Agencies to provide a range of services and activities having a measurable and potentially major impact on the causes of poverty in the community or those areas of the community where poverty is a particularly acute problem; to provide activities designed to assist low-income participants including the elderly and poor:

to secure and retain meaningful employment;
to attain an adequate education;
to make better use of available income;

to obtain and maintain adequate housing and suitable living environments;

to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the needs for health services, nutritious food, housing and employment related assistance;

to remove obstacles and solve problems which block the achievement of self-sufficiency;

to achieve greater participation in the affairs of the community;

to make effective use of other programs related to the purpose of this grant;

to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and

to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

From Community and Family Services, Inc.'s perspective we have been able to carry-out many of these activities utilizing the C.S.B.G. as the "cement" to build and hold all else together. That is what Community Action is all about, we build from a basic block a house which holds many rooms; somewhat like a department store where an individual may do one stop shopping and get full utilization of their energies because money presents no obstacle to attaining fulfillment. I will now discuss some of the basics of those components and what we have been able to achieve:

First of all, and most importantly, our actions and activities are monitored very closely by the resource from which the Community Services Block Grant is funded; that being the Indiana Department on Aging and Community Services. Data is compiled by the various Community Action Agencies on a quarterly basis denoting to the funding source that we are acknowledging and carrying out the conditions of our contractual arrangements.

The independent Community Action Agencies, numbering 24 in the State of Indiana are also mandated by law to have a governing Board of Directors, in our case they number eighteen, three individuals from each of the six incorporated counties. The board's composition is constituted so as to assure that:

a. one-third of the members are elected public officials currently holding office, or their representative

b. one-third are representative of the poor

c. the remainder of the members are officials or members of business, industry, labor, religious, welfare, education or other major interest groups in the community.

To continue, I'm providing you with a brief summary of our agency's program functions during 1985, all of which were maintained through the use of C.S.B.G. funds:

> HOME WEATHERIZATION/ENERGY CONSERVATION - provides insulation materials and labor that reduces the energy costs of low-income families, and provides education on conservation and the changing of negative energy use habits.

Through the first nine months of the program year 126 homes were weatherized. It was anticipated that a total of 181 homes would be completed by the end of the fiscal year. Energy use studies, though difficult to carry out, indicate a general savings of approximately 15-20%. It was anticipated that 100% or more of the program allocation will be expended by year end. Figures as of December, 1985:

Completed Homes - 182
Rental Porperties - 39
Persons residing in completed homes - 577
Elderly residing in completed homes - 58
Handicapped residing in completed homes - 19
Materials average per completed home - $609.80

In addition, other related programs concerning housing provided the following:

Ending on June 30, 1985 the Homemaker/Handyman Program provided 8,068 hours of in-home service to approximately 110 elderly and handicapped residents of the primary six county area. These hours represent 100% of the units for which the agency had contracted.

The agency contracted with the Randolph County Commissioners to administer their Residential Energy Management Program. Combined, the programs will fund the county in the amount of $233,000 for weatherization work for low and moderate income households. By September 30, 162 houses had been completed at an average of $600 per house.

Efforts are also underway to assist the Wells County Commissioners in applying for Department of Commerce Residential Energy Management Program funds. It is anticipated that these funds will be granted in early 1986.

> HEALTH CARE SERVICES - designed to assist in the growth and development of a healthy and productive individual.

A Prenatal/Well Child Clinic was sponsored in Jay County in 1986. Approximately 20 low-income expectant mothers were provided high quality prenatal care and nutrition counseling. A Well Child Clinic also functioned twice monthly making immunization available for preschool children. Prenatal services were also offered in Randolph County during 1985. Through September 30, a total of 30 women had received services.

> NUTRITION PROGRAMS - services needs not met through Food Stamps and Welfare related programs. Our agency is responsible for administrating the Women, Infants and Children Program (WIC) which is a supplemental food and nutritional program for low-income women, infants and children with nutrition-related health problems.

Within the agency sponsored WIC Program, approximately 4,350 individuals were participating as of September 30. WIC is provided not only in the agency's six primary counties, but also in Miami and Wabash Counties. The 4,350 individuals are composed of approximately 2,785 children one year to four years old, 840 infants, and 725 expectant mothers. The agency's WIC Program is the third largest in the State of Indiana.

During 1985 Community and Family Services directed five Surplus Commodity distributions. Products during the year included American cheese, butter, milk, honey, and rice. The total government purchased value was $1,160,837. During 1985 the agency continued drive-thru services for the elderly and handicapped. The September distribution included Migrant farmworker camps in Wells and Adams Counties.

Ending June 30, 1985 a total of fifty-five elderly persons received homebound meals which provides them with at least one nutritionally well-balanced meal daily and enhances the possibilities of staying longer in their own home. A total of 7,193 meals were delivered during the 84-85 fiscal year. Five hundred thirty-five elderly persons received case management services.

Food Banks were operated in Jay, Blackford, Randolph and Huntington Counties, while used clothing stores were sponsored in Wells, Huntington and Randolph Counties.

> EDUCATIONAL SERVICES - prepares pre-school disadvantaged and handicapped children for kindergarten.

The agency's longest running program is its Head Start Program for pre-school children. In May the program completed its nineteenth year of operation. The agency sponsors six licensed Head Start centers and three Home Start programs with a total 1985 enrollment of 140 children. During the duration of the eight month school year the center based children progressed an average of 12.8 months in the tested areas of socialization, language, self-help, cognitive, and motor skills. Home Start children grew at an average of 9.8 months. In both programs the best growth was seen in socialization, self-help and cognitive skills. During 1985 the agency also learned that it would receive funding for two new small school buses to transport the children.

> ENERGY ASSISTANCE - the operation of Project SAFE, Emergency SAFE, and the generation of local financial resources that provide direct assistance to eligible families in the payment of home heating bills.

The agency served its primary six counties for Project SAFE. A total of 664 households were served by Emergency SAFE. Agency Outreach Workers also assisted by taking 2,530 SAFE applications for the regular program. The county breakdown of the total of $93,750 of assistance and the 664 households is below.

Emergency SAFE 1984-85

County	Households Assisted
Adams	31
Blackford	80
Huntington	72
Jay	190
Randolph	252
Wells	39
TOTAL	664

Project SAFE 1984-85

County	Households Assisted
Adams	368
Blackford	306
Huntington	399
Jay	556
Randolph	576
Wells	325
TOTAL	2,530

TRANSPORTATION SERVICES - takes senior citizens, regardless of income, to essential places such as nutrition sites, physicians and social activities.

Transportation services for the elderly were provided in Randolph, Jay, Blackford and Grant Counties during 1985. Approximately 450 persons have been recipients of about 50,000 one-way trips via nine vans used by the agency.

Total all persons served once	450
Minority	6
Low-income Minority	2
Handicapped	74
Over 75	251
Socially Isolated	64
Live Alone	317
Low-Income	287

EMPLOYMENT SERVICES - Through monies funded via the Job Training Partnership Act, Community and Family Services, Inc. serves in the capacity as the Administrative Entity for the counties of Delaware, Henry, Jay, Randolph and Blackford. We are also the Service Provider for Jay and Randolph Counties. In these capacities we assist the unemployed or under-employed adults and youth, 1) learn how to find jobs; 2) upgrade their skills if they are unskilled or under-employed; 3) receive retraining when current skills are obsolete; and 4) make career choices.

There continues to be an ever-increasing demand being placed on our agencies to continue their many endeavors primarily because our area continues to experience unemployment rates consistently above the state and national levels. These rates are due, principally, to declines in the area's manufacturing base. Throughout the area, extensive efforts must be made to minimize the impact of the area's shrinking manufacturing industries. From 1979 to 1982 manufacturing employment fell approximately 12% causing the loss of over 9,000 jobs.

Another problem common to the Service Delivery Area counties is the decline of small farms. Many area farmers will become dislocated during the next few years due to the waning national farm economy. These farmers will need labor exchange services to gain new employment.

In addition to facing a declining manufacturing base, counties in the Service Delivery Area must adapt to continual changes in the composition of the area's overall industrial employment. In 1979, manufacturing was the largest industry in the Service Delivery Area. By 1983, service industries had become the area's largest industry. Food stores, eating places, and drinking places also grew while the manufacturing industry declined. In addition to changes in the composition of area industrial employment, industries have changed in size. The number of people employed by large companies has decreased. Conversely, percentage of the area's labor force working for small businesses has increased. Small businesses will continue to be important sources of employment for residents in the Service Delivery Area.

The changes in composition of area industrial employment have been in the area's industrial employment base accompanied by changes in the occupational employment in the area. There has been a reduction in the demand for unskilled workers. As businesses have specialized, the need for workers with specialized skills has increased. The drop in the need for unskilled laborers has been accompanied by a rise in the demand for technologists and technicians. The increased job competition created by the high unemployment presents greater difficulties for displaced workers with outdated skills trying to find employment. Dislocated workers and others trying to enter the work force without at least a high school education will face particular difficulties in finding employment. Occupational specialization also poses difficulties for new entrants into the labor market without marketable skills. Over 75% of all workers in the Service Delivery Area are employed as machine operators, assemblers, and inspectors; administrative support and clerical workers; service occupation workers, precision production workers; craft and repair workers; professional speciality workers; sales workers.

Despite setbacks, manufacturing, services, and retail/wholesale trade will continue to comprise the principal industry base in the Service Delivery Area. Based on trends from 1979 to 1983, however, the service industry is the only area industry which will be an actual growth industry. Other area industries should remain relatively stable; except for the construction industry which may continue to decline.

The shift in industrial employment in the East Central area has initiated changes in occupational employment in the area. Changes in occupational employment will continue to accompany the perpetual change.

I'm not attempting to provide you with a picture that the Community Services Block Grant is the answer to the resolve of all poor people problems. Indeed it is not, however as I have presented to you from the activities that we as only one of over 700 CAAs throughout the nation are capable of doing, then I feel you must recognize the validity of its impact and how catastrophic and confusing the administrations budgets would be made if there was a curtailment of these funds and the burdens placed elsewhere.

Indeed we in the State of Indiana in the area I serve have contributed to the community an investment of these dollars. In 1983 this analysis was made of the financial resources generated by our agencies:

PROGRAM/FUNDING SOURCE	NUMBER OF PROGRAM PARTICIPANTS	EXPENDITURE OF DOLLARS RECEIVED
Weatherization	10,430	$ 6,244,127
LIEAP (HHS) *	476,406	19,834,847
Head Start (HHS)	4,762	9,714,772
Older Americans Act	27,265	2,840,208
Feeding Programs (USDA)	14,217	387,530
Title XX (HHS)	12,037	2,316,893
TOTAL	545,117	$ 41,338,377

*Low-Income Energy Program

Money spent in the economy has a multiplying effect. Economists estimate the factor to be between 3.5 and 7. Using the conservative figure of 3.5, Indiana CAAs contributed in excess of $144,684,319 to Indiana's general economy.

In addition, attached to my testimony is a return on investment to the community of what occurred in 1985 through the usage of J.T.P.A. funds in the area we service through Community and Family Services, Inc.

In summary, the administration, the fiscal responsibilities, and the attainment of program goals have been dictated to the grantee agencies via the federal and state governments. Most agencies who receive these funds manage them well and acquire full gain from their usage; however, there are strict limitations placed on the funds available for administrative costs, i.e. 5% in Weatherization, 5% in WIC and 15% in Head Start to name a few. There is a standard assumption from all resources that the acceptance of these programs means the utilization of other monies, and in this case C.S.B.G., to offset the limitations placed on their contracts. With an ever-increasing number of "new poor" to assist via our services, the State of Indiana cannot afford to have further cuts or the elimination of such a vital grant which helps meet these ever growing needs.

RETURN ON INVESTMENT TO THE COMMUNITY

The East Central Private Industry Council, Inc. invested $1,065,550 of JTPA funds into serving Adult and Older Worker Participants and $1,005,637 into serving Youth Participants during the 12 month period ending 6/30/85. Of the total Adults and Older Workers served during this period, 431 were placed into unsubsidized employment, working on the average of 38 hours per week at an average beginning wage rate of $4.80 per hour. Of those Youth served during the same period, 245 were placed into unsubsidized employment, working on the average of 33 hours per week at an average beginning wage rate of $3.89 per hour. Approximately 77% of those participants entering employment retained their employment for at least five (5) months. Of those entering employment, 49 Adults and 12 Youth were Welfare Recipients at the time they were enrolled onto the program. Also, 232 of the Adults and 26 of the Youth who were placed into employment were receiving Food Stamps at the time they were enrolled onto the program. The following is the projected return on this investment of JTPA funds:

	ADULT & OLDER WORKER PROGRAMS	YOUTH PROGRAMS	TOTAL PROGRAMS
ESTIMATED PAYROLL TAXES GENERATED AND ESTIMATED REDUCTION IN WELFARE AND FOOD STAMP BENEFITS ON A YEARLY BASIS:			
Estimated Federal Incomes Taxes Generated.	$ 315,000	$ 126,000	$ 441,000
Estimated FICA Generated.	441,000	176,400	617,400
Estimated State Income Taxes Generated.	94,500	37,800	132,300
Estimated Reduction in Welfare Benefits.	99,600	19,000	118,600
Estimated Reduction in Food Stamp Benefits.	321,500	36,000	357,500
TOTAL ESTIMATED TAXES GENERATED AND REDUCTION IN PUBLIC ASSISTANCE DURING A ONE YEAR PERIOD.	$1,271,600	$ 395,200	$1,666,800
ESTIMATED YEARLY WAGES (LESS TAXES) GENERATED THROUGH THIS INVESTMENT TO BE SPENT IN THE COMMUNITY.	2,520,000	1,008,000	3,528,000
TOTAL AMOUNT GENERATED ON A YEARLY BASIS THROUGH THIS INVESTMENT.	$3,791,600	$1,403,200	$5,194,800
LESS COST ON INVESTMENT.	1,065,550	1,005,637	2,071,187
PROJECTED RETURN ON INVESTMENT TO THE COMMUNITY AFTER ONE YEAR.	$2,726,050	$ 397,563	$3,123,613

Mr. KILDEE. Thank you, Ms. Lewis, very much.

Mr. Don Sykes.

Mr. SYKES. Mr. Chairman, this is a copy of my written comments.

Mr. KILDEE. All right.

Mr. SYKES. My name is Don Sykes, and I am the executive director of the Community Development/Social Development Commission in Milwaukee County in Wisconsin.

I would like to summarize my remarks by emphasizing simply a couple of key issues that I think are really important when it comes to the community action agencies and the Community Services Block Grant.

We have talked a lot today about administration and program ideas, but one of the things that to me is the most exciting about community action agencies and the whole community services block grant arena is the involvement of volunteers and poor people in the decisionmaking and planning of our programs.

We have talked about dollars a lot, but can you imagine the invaluable experience of a low-income person sitting next to Mr. Brand on the board and working with him in terms of solving problems? That kind of experience never gets discussed, and to me it is one of the most exciting things, again, about community action agencies.

We bring the whole community together. Low-income people are on our board, business, labor, the clergy. It is probably the most representative of any decisionmaking body in our community.

It is also to me perhaps the best model. I think, again, my previous speakers have been very eloquent. Mr. Brand made the reference to the statement that if the issue of civil rights or even women's rights or child labor laws were left to local referendum, we would have a patchwork picture in this country that would have not led to a strong nation.

And I think the issue of poverty, in some respects, is basically a national problem. But the community action approach to it seems to me to be the best of all possible worlds.

We are talking about a commitment of a minimum of national sources. Again, $330 million, a sum that it seems to me, in proportion to the guns being thrown at us, is all out of proportion to the amount of money.

But that small national commitment, along with the model that allows the local community design of programs that meet the unique problems in our communities and are managed at the local level, I think, makes it the best of both worlds, and I think I am committed to that model. I think it is one, particularly when you are dealing with an issue, as many of my previous speakers have mentioned, where you are talking about competing goods in this time and age.

We have made so many cuts in our human service and Government programs that we are not talking now about money for improving a program versus good or evil. We are now talking about competing issues of education, competing issues of safety and security, and unfortunately we are putting too much emphasis on the problem after we have lost control of it, as opposed to the small amount of commitment that we are requesting to try and prevent the problem from increasing.

We have spent a lot of time today talking about administrative costs, and I just wanted to mention that in some respects.

As a matter of fact, I want to correct something that Mr. Speers made earlier. He mentioned the fact that a GAO report issued in August 1984 states that at least three States use 100 percent of their CSBG funds to pay for administrative costs.

The accurate statement was there were three agencies that use 100 percent of their CSBG funds for administrative costs.

But I would even like to dwell into that, because in many of these studies what they are talking about as administrative costs really include our neighborhood service workers, and they are the people who are responsible for planning, organizing and putting together the many millions of dollars and million of hours of volunteer resources and workers that come together that allow us to generate that often one seed dollar of CSBG funding for the $9.50 of other funding and/or resources and volunteers.

So, this whole question of administrative costs that seems to loom so large, so much has been said about Head Start.

Well, the biggest problem between community action agencies and our Federal Government that administer Head Start is administrative costs, and every time there is a discussion, the issue is how to take administrative costs away from community action agencies.

So, I find it ludicrous to talk about how that administrative cost is going to be able to carry the program. It doesn't carry the program for many of those agencies right now.

And I would even submit that those single purpose Head Start agencies that he mentioned, the 45 percent, are supplementing their Head Start administrative costs from some other community funds in their community.

So, this question of administrative costs is so funny to me, because we are perhaps—community action agencies' salaries are in no way compared to the salaries of other public social service agencies, or even private social service agencies, for that matter.

So, when we talk about administrative costs, probably at least half of that is not administrative costs as much as it is program support and very vital to the operation of programs.

I would like to just talk a few minutes about a few examples and then give you a chance to ask any questions, if you would like.

In our agency, we are talking about Milwaukee County, a situation where the general population is running—the relationship of poor people to the general population is running 1 to 10. But if I zeroed in on the role of that statistic and go into inner-city communities, especially in the minority community, I am going to find almost 5 out of 10 people are in poverty.

So, I think one of the most important things about community action agencies is that we don't run away from the most difficult problems. We probably serve those people who are the hardest to serve.

A reference was made to the millions of dollars available to JTPA for manpower training programs. My experience in our community and across many other communities is that the pressure for production or placement of jobs is so high that they don't deal with the really uneducated and the people who need 6 months of training before they are going to be job ready. Those people have fallen out of the system, and only the job training programs that have been specifically designed by community action agencies in particular locations have been addressing those needs.

In Congressman Petri's area, for instance, we have a particularly successful effort in the community action agency up in Advocap that started an incubator business and has created 28 jobs—well, 31 jobs, but 28 of those are low-income people who probably would normally be on a public dependency roll, as opposed to being taxpaying members in their community.

So, it is this ability to create these kind of unique program opportunities to meet the unique needs of the community that again makes our program so valuable.

I think everybody in this room is frustrated with welfare programs. I think we all have agreed with the President that they probably need a major overhauling.

My feeling is that AFDC was designed for temporary assistance and not a program that is finding, as we see now, a second-class citizenship with permanent people on it.

As it is designed now, it is going to frustrate you, as elected officials, citizens who pay taxes, and the people who are receiving the AFDC.

So, when we talk about the duplication of Community Services Block Grant and Social Services Block Grant, in our State Social Services Block Grant money is going to those publicly required kind of services, adoption services, the rapidly increasing number of child abuse and neglect problems.

So, when you get through with those that are required by a county to protect its interest, there is no money for prevention and development, and it is in that arena that the Community Service Block Grant moneys have had their biggest impact.

We are opportunity oriented. We are development oriented, and not dependency oriented because those programs, AFDC and some of the other welfare programs right now, we aren't doing anything to pull people off those rolls, and I can only see that cost increasing, whereas what it is that we are trying to do—and again, I said I would give some examples—is trying to pull people off those rolls.

In Michigan's Upper Peninsula, for instance, when I think about administrative costs, FEMA, the Federal Emergency Management Assistance agency, which gave a grant to the local community action agency in upper Michigan of $267,000 to distribute emergency commodities to 35 different pantries in four large rural counties. Only two percent of that money went into administration.

And if I look at what we do in Milwaukee, we distribute about 2-thirds of the commodities for the State of Wisconsin.

It is one thing to get volunteers to come and distribute the commodities, but when you are dealing with the tonnage that we are, we have to have forklifts, we have to have schedules for truckers. I mean, it becomes a complicated process that without administrative costs is a joke.

We run $30,000 a year in the hole operating that commodities program, but we do it with CSBG funds because we know that if we don't do it, nobody else in the community is going to do it.

The other thing, I think, that I want to emphasize is our capacity to work with the private sector.

In Milwaukee, a small amount of our Community Services Block Grant money went into working with the local Rotary to create a Second Harvesters Program, which as you know is a program nationally that survives off of private donations, food donations from private corporations.

In our community we now have created a network that allows us to take the commodities distribution, put it into a pantry network that instead of having these food riots that we started off with, all these people coming out at one time waiting in long lines, we now have been able to organize a more systematic approach to that and we have brought together, again more important, the private sector, the public sector and the community in working on that program.

I think these cases can go on and on. In the small mountain hamlet of Sanders, WV, for instances, here a clan of 124 members of the Sanders and Osborne families, including 36 children, live in 34 shacks with no plumbing. Two of them have graduated from high school.

But our Head Start workers with the local community action agency in Logan County goes into that area, where other welfare programs won't, and they tutor nearly a dozen handicapped youngsters, they have organized volunteers through the church, but again this is with CAA probably administration, what was called administrative costs, that enabled those workers who went in and organized that, organizing emergency food distribution. And again, this is a community where few other services exist. It is the community action agency that is willing to go into that community.

Let me try and move rapidly through.

Let me conclude maybe by simply saying this: A lot is said about States having a surplus of commodities. Well, a lot of the projections and budgets we are talking about are based on economic models.

To give you an example, in Wisconsin last year we anticipated a surplus, and all of a sudden last week we discovered we had a $355 million deficit. And what was the basis of that?

Well, we are talking about the economy improving. What happened was we used to have people making $16 and $15 and $14 an hour in some pretty heavy industrial oriented factories in manufacturing. Those jobs are gone. And now we have got people coming back to work at $6 an hour.

So, the projected income and that difference has led to a $355 million deficit that we are facing in our State. There is no way the State is going to be able to supplement us.

We succeeded in getting a few dollars of general purpose revenue funds for community action supplement. They took it out when they found out they had the deficit.

So, in conclusion, let me simply say I see CSBG's and community action agencies' focus on low-income communities as a priority that makes us unique. We are going after the most difficult problems in our community.

It is a self-help model. We are bringing people in and involving them in the planning, and we hire people in the community. So, we are staying close to the really basic needs of our communities.

The competition for dollars, as was mentioned by a Representative who worked for the State, if the State had to make the decision without that 90-percent passthrough, they would spend the money on some vitally needed problems but the economy of what we are doing disturbs me.

We are ready increasingly in our communities to commit young people who don't have job training opportunities because of cuts, we are prepared to send them to our institutions for delinquents at a cost of $36,000 a year, when if we had $3,000 per kid we could keep them out and give them a job, help them pay taxes, and put them on a road to more productive and independent society.

We talked a lot about CAA's being the glue that holds things together, and people have talked about the safety net. Well, I think we may be the twine that is holding the safety net from allowing a lot of people to fall into despair.

Thank you.

[The prepared statement of Don Sykes follows:]

PREPARED STATEMENT OF DON SYKES, EXECUTIVE DIRECTOR, COMMUNITY RELATIONS SOCIAL DEVELOPMENT COMMISSION, MILWAUKEE, WI

Members of the Committee

My name is Donald Sykes, Executive Director of the Community Relations-Social Development Commission. I want to thank you for the opportunity to speak to you today about the importance of the Community Services Block Grant Program for our community and for our nation. In particular I want to focus my testimony on the importance of Community Services Block Grant funding for Community Action Agencies and the vital role which Community Action Agencies play in our society.

The Community Relations-Social Development Commission is the Milwaukee County Community Action Agency. According to the 1980 census, approximately 94,000 Milwaukee County Residents are at or below the poverty level. i.e. nearly 1 in ten. As in many other urban centers, poverty is concentrated in the minority community, for example; nearly four of every 10 persons who are black are in poverty in our county.

CR-SDC operates directly or delegates thirty-five (35) programs. Some of which have multiple components, which serve principally low-income Milwaukee County residents. In addition to direct services, CR-SDC has a major planning and developmental role in the Milwaukee Community.

During 1984, CR-SDC provided direct services to approximately 152,900 persons and provided information and referral assistance to an additional 89,000 households. Approximately 90% of those served were poor or near poor, and over 50% were minority.

The 1985 operational budget of CR-SDC was approximately 10,706,000, with funding from federal, state and local government, foundations and other private resources. In addition, CR-SDC receives and utilizes over $2,000,000 in volunteer and in-kind services.

Community Action Agencies continue to fill a unique need in our local communities: They are at once the safety net of last resort and the primary force in the local communities which institutionally promotes self-sufficiency and self reliance.

It is because what CAA's are that they can carry out these seemingly paradoxical functions. CAA's are small, private, not-for-profit, flexible and responsive institutions, responsible to all segments of the community. Members of their boards and staffs are from the low-income community so that they cannot ignore basic needs and emerging issues faced by low-income families and individuals. Private sector board representatives place these low-income needs in a framework of the broader community, and local governmental representation to keep ties to the elected officials and the broader local community into efforts to assist the low-income community.

CAA organizational Autonomy remains, but ties to community needs, private sector and local government are assured. The result is a coordinated and collaborated action strategy to address real needs in the community. When resources are dwindling, when special interests can dominate, when consensus is hard to reach; then CAA's are especially important.

It is especially at times of great need and dwindling resources that we need CAA's. CAA's serve as:

-- A place where all sectors can come together

-- A place where the needs of low-income persons are viewed comprehensively

-- A place whose principal mission is to assist low-income persons as a whole and viewed as part of a community

-- A vehicle for direct citizen input, especially of low-income citizens

-- A low cost service, delivery mechanism

-- A flexible and adaptable resource for planning and service delivery

-- A capacity to reach out to the most vulnerable

-- A thrust to which insure that the goal is to provide persons with the opportunities for the greatest self-sufficiency

-- A place where persons are treated with dignity

-- An institution committed to human rights and equal opportunity.

CAA's are the unique organizations which can offer all of these elements.

It is because Community Action Agencies are what they are that they can do things which no others can do. It is because of Community Service Block Grant funding that the flexibility is available in the local community to carry out needed activities.

Let me share some examples from our organization which illustrate what I mean.

As emergency food needs emerged in our community in 1980, the local community sought to meet these needs through creating a branch of Second Harvesters, a national network which utilized corporate donations of food. CR-SDC was able to involve the Rotary Club, assist in obtaining corporate and foundation donations to establish a Second Harvesters operation. Also, because of it's ties to the low-income community, it was able to involve Second Harvesters in on-going pantry network which provides emergency food. Because of promoting a coordinated effort of public and private resources, even with emergency requests for food growing from , 900 to over 15,000 from 1980 to 1986. We have been able to meet demands for emergency food in our community, and Second Harvesters is able to provide over 2,000,000 of emergency food to the community.

CR-SDC has also utilized it's CSBG resources to develop and implement programs to assist low-income households with their energy needs. Through work with both the local gas and electric utilities, CR-SDC was able to obtain over $150,000 in corporate and private funding to assist low-income households with their energy needs. Part of the funding is made available from solicitation of utility customers who make individual donations. The use of $10,000 in CSBG funding to assist in planning, development and implementation, this effort was crucial for it's initiation and continuation and no other source of energy funding was available for this purpose. A number of other programs are now present in our community only because of CSBG funding:

-- The use of CSBG funding was critical to the development of community health centers in past years; now these centers have become part of the health care delivery system in our community and no longer require CSBG support.

-- The surplus commodities program in the State of Wisconsin does not provide adequate funding to insure distribution. CSBG funds have been used to assist in organizing over 2,000 volunteers from unions and churches and other community groups, obtain support from the local schools to provide space, soliciting free trucking and storage. Without this supplement from CSBG it would not be possible to deliver commodities in an organized fashion in our large community where we serve approximately 75,000 households four times a year and obtain over $70,000 in kind and volunteer services.

-- When the youth gang problem emerged in our community, an organization was needed to collect information and organize a community- wide planning effort. A small amount of CSBG funds provided the staff support to assist in convening and staffing a committee of private and public sectors. The result has been continuation of youth diversion efforts by our agency and other in the community, greater agency cooperation in addressing this issue and, the development of the only current resource file on youth problems.

<See Advocap 7a; also other examples nationally/

Again and again, Community Action Agencies, working with CSBG funds have been able to:

-- involve the broad community in problem resotution

-- identify critical needs and mobilize public and private resources to meet these needs

-- coordinate new initiatives with existing program efforts to better address community problems.

Without CSBG funds these mobilization efforts would not be possible.

ADVOCAP in Fond Du Lac, Wisconsin initiated a business incubator with CSBG funds.

ADVOCAP purchased a facility and opened in May, 1985, a business incubator. By December, four new businesses had been developed, 32 jobs were created, 28 for low-income people. Jobs range from $3.35 to $15.00 per hour. The entire development of incubator was only possible because of the Community Service Block Grant. CSBG underwrote the full cost of planning, marketing and funding the initial management.

Once the project was initiated and showed a strong potential for success, other funds were made available, but without CSBG seed money, ADVOCAP would have never been able to conduct this successful project.

In addition, to these mobilization efforts, our on-going programming addresses numerous needs which would not be met without CSBG funding. These programs also result in obtaining large amounts of donated services, goods and dollars which assist in alleviating the problems of low-income citizens in Milwaukee. For example: (include what examples you wish from the attached listing.)

If CR-SDC were to no longer receive CSBG funding, we would problaby not cease to exist, but our character as an agency would change. We would no longer be able to be a flexible and responsive agent in our community. Problems would remain unaddressed. Fewer resources from both public and private sectors would be mobilized to address the needs of the poorest in our community. The needs of minority citizens, aand especially minority youth, would be seriously neglected.

CSBG funding is often called the "glue" which holds things together. Perhaps today it should be called the "twine" which fixes the holes in the "safety net". Without such funding the number who would fall down, be crushed and not able to stand again would clearly increase.

YOUR COMMUNITY ACTION AGENCY IN THE THUMB
HUMAN
DEVELOPMENT
COMMISSION

February 4, 1986

Ms. Meg Powers
National Community Action Foundation
2100 M Street, N.W.
Suite 604A
Washington, DC 20037

Dear Meg:

As per our conversation of yesterday, we submit the following information.

As a Community Services Block Grant-funded agency, we are able to pull a variety of resources together to meet the needs of our community.

For example, as an agency that covers a large rural area, we were receiving a number of requests for temporary housing for the homeless. There were no shelters of any kind in our area and to transport to a nearby shelter could mean a round-trip of over 100 miles in an area which has no mass transportation.

As the requests for housing were on the increase, we began to explore alternatives. The Caro Regional Center, a State-owned property, was located close by and had several vacant buildings. We were able to work out an agreement where we received a two-apartment building for no cost, but we must maintain and repair it. By coordinating available resources, CSBG, FEMA and donations, we have been able to pay the energy costs, repair and weatherization of the unit.

There have been numerous clients who have been evicted, burn-out families, others removed from their home because of health reasons and battered women who have had a temporary place to say.

In 1981, the hunger needs of our area were becoming apparent to all. An attempt to develop and coordinate a network of food pantries was tried. There were several problems in the beginning because those coordinating the effort had no idea of the time and involvement it would take to do this successfully.

We became involved [illegible] pantries in receiving [illegible] plus commodities. Then the Emergency Food/Shelter Program was started

429 MONTAGUE AVENUE, CARO, MICHIGAN 487 23 TELEPHONE (517) 673-412 — 673-615

ted. The Human Development Commission was asked to play a coordinating role, as well as accept fiscal responsibility for the program.

In the first three awards of FEMA, our service area received $250,184.28, to provide emergency food/shelter to those in need. The Human Development Commission has received a total of $3,232.75, for administrative cost to operate the FEMA program. We coordinate 35 food pantries in a four-county area and accept fiscal responsibility for the FEMA program in all of those pantries. For this fiscal year, HDC has received $17,142 in FEMA dollars, with $214 allocated for administrative costs.

When FEMA is in operation, we pay over 75 bills a month, each which must be copied and sent to the National Board, along with a copy of each cancelled check (copied on both sides). We also provide, to the pantries, Emergency Aid applications which are turned into HDC monthly for reporting purposes. The amount of money received for administering the FEMA is so low, that if the Human Development Commission did not receive CSBG dollars, it would be impossible for HDC to provide the services or find another agency to operate the program in our rural area.

Another example of coordination of resources is within the energy conservation services of HDC. The funds under the CSBG grant allow program development and planning services that enables HDC to research, plan and coordinate funding sources. HDC operates the DOE-funded Weatherization Program and has successfully secured funds from three utility companies, the Michigan State Housing Authority and the Aging network to build a more comprehensive energy program that results in being more cost-effective and that can serve more people. These coordination efforts not only provide training for low-income individuals, but provide job opportunities in the private sector.

Also, for your information, we have attached six testimonies taken from individuals who have come through our doors. In addition, we have provided a brief overview of Thumbody Enterprises.

This information clearly substantiates the viability and versitility of Community Services Block Grant funding that is given to CAAs, by showing 1) our uniqueness, 2) our ability to coordinate with several different types of agencies to produce an impact not met by any single agency, 3) our ability to generate additional funding, and 4) CAAs provide services that are not obtainable elsewhere.

If we can provide you with any further information, please do not hesitate to contact me.

Sincerely,

[illegible]
Executive Director

CASE HISTORY

LULA AND CLAYTON GRAY
ROUTE 1, BOX 157
GIRDLER, KY 40943

CASE NARRATIVE: Lula and Clayton began their marriage and life raising five children with few, if any, resources. They lived in a two room shack, with no electricity, no indoor plumbing, a wood burning cook stove and no running water. They never had enough clothing, food or adequate shelter in those lean years. Neither Lula nor Clayton ever got beyond the 8th grade and during the late 70's, Clayton was declared disabled. Indeed, until just this year, 1986, did they gain any type of personal transportation, a used car.

In the late 1960's and early 1970's, the two room shack, without any modern convenience, was home. The wood stove cooked the meals, heated the home and Lula made routine daily trips to a nearby creek for drinking and bathing water. Creek water was also used to wash the family's clothes on a wooden washboard. During this time, Knox County Economic Opportunity Council, Community Action Agency Emergency Fund Services provided the Gray's with loads of coal and food vouchers.

When Lula was expecting her first child, Linda, KCEOC assisted her in obtaining pre-natal care.

In 1972, electricity was finally turned on in the little house and few years later a used refrigerator was donated. Until that time, Lula would purchase only non-perishable foods and milk was purchased on a daily basis to avoid spoiling. In 1973, a washer was donated to the Gray's complete with a rusted wringer. It was not until 1975 that they obtained a used electric range.

In 1974, Linda, the first born, entered KCEOC Head Start. She was to be followed by Clayton James in 1976, Jeffery 1980, Joey in 1984 and little Liz will follow sometime in 1988.

Linda enjoyed Head Start and in eight years of public school has not missed a single day. Clayton James, entered Head Start in 1976 and during his enrollment was diagnosed as being mentally retarded during the health screening process. Through the joint efforts of his parents and staff, Clayton was mainstreamed into a regular classroom though he does still obtain some special education classes. The other two children, Jeffrey and Joey, have attended Head Start. Through the health process in Head Start, Joey was observed to have an eye problem. KCEOC arranged and transported Joey and his mother routinely to Lexington, a distance of 220 miles round trip, for special treatment by an opthamologist. Joey eventually underwent eye surgery to correct the problem and it was completed with the assistance of KCEOC.

Over the years in Head Start, Lula has stated that Head Start provided her children with numerous educational, health and social services. Particularly, Lula states that KCEOC taught her better nutritional and meal planning, use of meat substitutes to vary her family's diet and save money.

In 1977, the Gray's began to build another home. A home with electricity, and running water, though at this time not hot water. In 1984, KCEOC weatherized the house providing insulation, caulking, storm windows and doors. The Energy coordinator at KCEOC also provided the Gray's with information on how to better use each energy dollar. Prior to weatherization, the Gray's often had to burn fires excessively hot in order to heat their house, but this also created a fire hazard.

Linda, the eldest, began school with only 2 pairs of pants and two dresses. She now is working on the NYC program to purchase clothes and is in driver's education. With Linda gaining her driver's license, the family will finally have a means of transportation.

The Gray family is one of many families who have found themselves deeply rooted in poverty. KCEOC has used its Community Service funds to coordinate the efforts needed to help people pull themselves up out of poverty. Lula's self esteem has greatly improved and her daughter Linda is now an example of her fortitude. The cycle of poverty is being broken with the family's progress. If the Community Action Agency and its Community Services Block Grant funds were not available this family would have sank deeper into poverty. Community Action Agency's have to do what is necessary because no other agency will.

CASE HISTORY

JACKIE TAYLOR CASTLE
APARTMENT 1
HALE APARTMENTS
ARTEMUS, KENTUCKY 40903

CASE NARRATIVE: The story of Jackie Taylor Castle is one of a determined young woman who at the age of 19 was an unwed mother, a high school drop-out and needed an opportunity to prove herself.

Jackie dropped out of high school her junior year. She was bored and frankly, she needed to get a job to help support herself. At the time, she was living with her parents and brother and together they subsisted on $2,067.00 a year. Jackie undertook a job with a local fast food restaurant as a waitress, but soon tired of the job realizing its limited potential. She returned to school in 1981 desiring to complete high school, but became pregnant. When school became too overbearing, she returned to the fast food restaurant and continued to work to earn expenses for the baby for a couple of months.

Bailey, Jackie's daughter, was born on August 19, 1982 and just over a month later, Jackie entered Knox County Economic Opportunity Council, Inc. as a participant on the Youth Employment Training Program. Jackie's counselor at KCEOC realized her potential, drive and ambition to learn and obtain a solid job. He placed her into the Finance Office as a bookkeeper/clerk. In Jackie's own words, she "really loved the job and the chance," the placement gave her. On September 16, 1983, Jackie was given a full time job as a bookkeeper at KCEOC. During her training, Jackie completed her GED on June 6, 1983.

The opportunity given by KCEOC to Jackie helped her to earn her GED, gain needed training and a full time job; all she ever asked for in life. Further, after Jackie had been in training for five months, her father Delmas, enrolled in the adult training program for truck drivers. Completing his training just a day prior to his daughter's, Delmas gained a position as a truck driver with a local furniture company. Married on May 19, 1983, Jackie's husband has been sparatically employed. At her suggestion, her husband, Andrew enrolled in the security guard training program at KCEOC in September 1985 and it is hoped he will follow in her and her father's footsteps toward gainful employment at the end of his training.

Bailey, Jackie's daughter, has been enrolled in the KCEOC Head Start Program since October 1985. On entering Head Start, Bailey has undergone health screenings that indicated a speech problem and has been referred for speech and language services. Bailey is currently enrolled at the Barbourville II Center.

CHRONOLOGICAL EVENTS:

September 27, 1982 - September 16, 1983: Trainee as a bookkeeper/clerk

June 6, 1983: Gained her GED

September 16, 1983: Hired as a fulltime bookkeeper

February 21, 1983 - September 15, 1983: Father trained as a truck driver

September 15, 1983: Father gains employment as a truck driver with furniture company
September 7, 1985: Husband, Andrew, becomes a security guard trainee
October 1, 1985: Daughter, Bailey, enrolls in KCEOC Head Start

KCEOC Emergency Fund Services: Has provided Jackie with loan services on 10/23/84, 11/15/84 and 12/28/84 for transportation expenses. Jackie has repaid all the loans.

THE BOTTOM LINE: Though Jackie is a very determined and dedicated young woman, without the assistance of KCEOC's Community Services Block Grant funds to coordinate programs:

1. Jackie would not have gotten needed job training nor a placement
2. Jackie would not have obtained needed employment counseling
3. Jackie would probably not have gotten her GED
4. Her daughter would not have entered Head Start
5. Her father would not have gotten job training
6. Her husband would not have gotten job training

Thanks to a Community Agency in Knox County, all of the above came true.

HACAP
A HELP UP, NOT A HAND OUT
P.O. Box 789
Cedar Rapids, Iowa 52406
(319) 366-7631

February 4, 1986

Mr. Robert Coard, President
National Community Action Foundation
2100 M Street, N.W., Suite 604A
Washington, D.C. 20037

Dear Mr. Coard:

Enclose are copies of the:

1. Iowa Community Action Report
2. Hawkeye Area Community Action Annual Report
3. Wallaces Farmer article on HACAP's Shared Heritage Program
4. Letters from participants in HACAP's Golden Enterprises Program

These materials should help to demonstrate the resource coordination and self-help essence of Community Action and the need for Community Services Block Grant funding.

The specific role of CSBG funding in the Elderly Projects were:

1. Poverty planning staff, funded by CSBG, identified the client need for and interest in home-based, earned income opportunities for low-income elderly persons.
2. CSBG-funded staff developed program models which would meet the duel goals of:
    a. In-home, earned income opportunity, and
    b. Potential long-term project financial self-sufficiency.
3. CSBG funding covered program operating deficits during the 3-to-5 year development phases of these programs.

HAWKEYE AREA COMMUNITY ACTION PROGRAM
An Equal Opportunity Agency
A Member Agency of the United Way

4. CSBG funded outreach offices and service centers provide program recruitment, a place for group work activities, shop facilities for woodworking, and support services to participants.

Community Action Agencies are the embodiment of the Administration's social agenda and it is, therefore, unbelievable that we have to fight for survival each year. Listed below are just a few examples in our state of Community Action Agencies carrying out that agenda:

1. Public/Private Partnership - Iowa CAA's contract with five utility companies and Northwestern Bell Telephone to resolve service maintenance and payment problems with no public assistance. Private retail businesses market products made by CAA participants. Private food processors donate food to be combined with government surplus food which increases assistance to the needy, and at the same time, reduces storage and distribution costs for both government and private sponsors.
2. Volunteerism - CAA's are far and away the largest volunteer organization in Iowa. HACAP had over 2,100 active volunteers in 1985 who donated over 57,000 hours in program delivery activities. Over 1,100 individuals provided cash or inkind donations to HACAP during 1985.
3. Local Responsibility - CAA's in Iowa have demonstrated the ability to bring in both local public and private resources to meet the enormous growth in client needs at a time when federal spending on mobility programs is declining.
4. Self-Sufficiency vs. Dependence - CAA's link program activities to promote clients achieving or maintaining self-sufficiency. For example, Energy Assistance, Weatherization and private/CSBG-funded counseling encourage conservation and personal responsibility when linked--they are just public handouts and foster dependency when operated independently.
5. Economy and Efficiency - CAA's provide common administration, service facilities, equipment, client transportation, coordinated client intake and case management. This approach reduces cost to all programs and improves access for clients, particularly in rural areas which have too small a population for stand-alone program operations.

In conclusion, if CSBG funding is eliminated, some of the Agencies would survive, but they would not be CAA's. They would only be able to operate programs, not develop solutions to local poverty problems. Also, support expenses, picked-up by CSBG funding, could only be absorbed by programs by reducing services, and many programs which are prohibited or limited in overhead expense would simply die. Such an action would most likely destroy rural services in Iowa, and dramatically reduce overall services. The potential cost to entitlement programs with the elimination of self-support activities would be unbelievable.

I hope this will help you convey our message.

Sincerely,

Don W Maniccia

Don W. Maniccia
Executive Director

Enclosures

skg

Frances is her own boss in terms of dealing with parents. She sets up interviews with them. Parents will have a written agreement worked out at that meeting. Frances puts down on paper what she expects: her rules of behavior; the times the children will be there (she can't keep kids overnight); places they might go in a normal day (the park, library, shopping); and her plan for caring for their children.

Parents, in turn, put down what they expect and will accept in the way of discipline, any special needs of their children, and how to reach them in emergencies. They also provide a separate sheet for the child's physician, letting him know Frances is the care provider.

Frances determines her fee and the hours. Of course, she is free to accept or reject any family. In her case, the only situations that might warrant her rejection are handicapped children, for whom she has no experience or training, and, if she is full capacity, a disruptive child.

Currently she has five children who are with her from over 8 hours a day to just after school. The state allows her six at any one time.

Though she is independent, Frances maintains ties with HACAP, which provides a toy lending library that she uses. She also takes advantage of their child food program. To qualify, she must prepare menus a month in advance, which HACAP reviews from a nutritional standpoint. Frances is reimbursed on a fixed schedule, which works out to $1.07 per child per lunch, 54¢ for breakfast, and 32¢ for snacks. "It is an amount that more than covers the costs of food," explains Carman. "The fairly high rate of reimbursement enables care providers to serve the nutritional meals kids need."

LEARNING activities interest the children in Frances McGaffey's day-care center. Brian and Brad Waedell, left, watch as Frances feeds the baby sister of Brian Erickson, right.

Presently about two dozen care providers are operating in four rural eastern Iowa counties.

Their ages range from 55 to 75. So far all have been widows, though Carman sees no reason why people in other circumstances could not take advantage of the project.

He finds a variety of reasons why Shared Heritage appeals to the providers. One woman explained that she had cared for her infant grandchildren and wanted to continue that experience. Another had a distant family and wanted regular contact with small children.

In one center two ladies shared the work, which allowed both of them to maintain active outside lives.

Eventually between 35 and 50 providers should be in place, handling over 100 children. They will be independent operators, which HACAP will monitor with spot checks and through its food program. Also, providers can turn to HACAP to troubleshoot if they have parents who are not cooperating. But for the most part it is [illegible] centers will naturally grow because of that combination of elderly and their heritage and youth.

HAWKEYE AREA COMMUNITY ACTION PROGRAM, INC.
ELDERLY ECONOMIC DEVELOPMENT PROJECT
(GOLDEN ENTERPRISES)

Golden Enterprises is an earned income opportunity project for elderly persons age 55 and older. Based on the "cottage industry" concept, the participants make a wide variety of gift and keepsake items in traditional and country styles in their own homes at their own pace. Golden Enterprises helps older persons remain productive participants in their community, hence giving them a sense of value and self worth. Through their work, the older persons preserve and share a set of skills and a part of Iowa heritage, in addition to receiving a supplemental income. Participation in the non-profit program frees them from the hassle, time and expense of directly marketing the items themselves.

The elderly participant is an independent producer, making items according to his/her skills and interests. Golden Enterprises purchases the completed product at a price set by the producer and agreed to by Golden Enterprises. Producers are from both rural and urban areas, recruited through Senior Centers, Congregate Meal Sites, newspaper ads, senior coordination efforts, referrals from other agencies and word of mouth.

The combination of several market methods increases the overall market and visibility of Golden Enterprises products. Elderly persons are also involved in several aspects of Golden Enterprises product marketing. Our retail store on the skywalk in downtown Cedar Rapids is staff by senior citizens participating in an Older Americans Work Experience Program (Title V) and senior volunteers. At this time, our store is responsible for the greatest volume of sales. It also allows us to test the market with new products by purchasing only a few of an item or taking a new item temporarily on consignment.

A Limited Management Agreement has been established with Cedar Rapids Usher's Ferry Pioneer Village, a restored turn of the century reproduction Village. This agreement provides for a General Store operation and concession sales at the Village from April through October when the Village is open. Senior Citizens are involved with the operation and dress in authentic dress to add to the atmosphere.

Golden Enterprises has had products at thirty (30) retail consignment outlets in our service delivery area. This helps expand our visibility and marketing territory. Products are sold at craft fairs and through a Home Show System by Independent Product Distributors who receive a commission on products sold. Some products are sold wholesale to retailers.

Mr. **Kildee**. Thank you, Mr. Sykes.

This panel really indicates that which I generally find among people who have been involved in the CSBG, that people, whether they come from the business world or Government or nonprofit agencies, really have a great respect for human dignity and also great confidence in human potential, given the chance to succeed, as some of the programs are designed to get those people out of poverty.

That is what I keep constantly harping on here when I get people who are not as enlightened as you people are, that we try to look at the cause of the poverty and help get people out of it.

It is good to have a panel with such a good cross section today, a very successful businessman, someone in Government, people from the private agencies, and I deeply appreciate that.

As a matter of fact, you know, during the testimony of Mr. Speers I had a battery of questions here to ask. Then I felt, well, this panel will probably be much more effective in their rebuttal than I could be.

Mr. Brand.

Mr. **Brand**. Could I just make one point, Mr. Chairman, that has not been touched on?

Mr. **Kildee**. Sure.

Mr. **Brand**. As I see the job of you gentlemen in the Congress, you have got two jobs. One is to have a strong society in the United States and the other one is to have a peaceful world.

Now, one of my jobs, volunteer, it is in addition to being president of the community action agency, is I am a director of the Woman's Center for Futures Research and deal with resource problems, population problems, and so forth in the world, and I travel a lot. I just returned from Africa.

You know, there is a worldwide problem of poverty. And in my view, the biggest security problem that the United States will face in the next generation is the problem of the developing world, where 90 percent of the people live in the world, and where by our standards of unemployment there is over 50 percent unemployment.

In the United States, we have the resources to solve the problem of poverty, and we can show the way to the rest of the world as to how to do it, with local initiative and local organizations.

Half of the world hasn't decided whether it wants a capitalistic system, a socialistic system, a democratic system or what, Nigeria, Venezuela, China, India, Mexico, Nicaragua, El Salvador.

If we can't solve the social problems of this country so that everybody has an equal opportunity and an opportunity to be self supporting, we can't expect other countries that have much greater problems to adopt our way of life.

And the amount of money that we are talking about to keep this program in effect, $335 million, is such a small amount of money in context of the amount of money that we spend trying to have security in the world that to consider, just to consider eliminating it is absolutely ridiculous.

Mr. **Kildee**. In the next administration, I would like to have you serve in the Cabinet, if I have any influence with whoever the next

President will be. You could either take Secretary of State or HHS and do well in both.

What you say is that we are living in a time of change in this world, and we can't just look at ourselves in isolation. You are totally correct.

Poverty is increasing and the difference between the haves and have-nots is really being exacerbated now, rather than being lessened, and it is a grave—just from a practical point of view, aside from the morality of it—a grave threat to our national existence. I think your point is absolutely correct.

Let me ask some questions, and I will maybe direct it to one person, but just feel free—we are very informal here, jump in and if you want to respond, do that.

In Virginia, if the CSBG were eliminated as the administration proposes, do you think that Richmond could or would pick up the slack and fill in the dollars that would be lost?

Mr. **Brand**. The answer is no. I have tried for 5 years to get money out of Richmond to supplement the money. We have not gotten 1 cent.

Mr. **Kildee**. Is that pretty well the case in Georgia?

Mr. **Saucier**. We did a poll of our agencies last year when we were threatened with no CSBG money, and 12 out of the 22 CAP agencies said they would fold within 6 months, and, I think, that probably was a rather generous estimation.

Even those that do survive on the basis of contracting for other services, they will not be community action agencies.

Our State will not give money, appropriate money to take care of the shortfall.

Mr. **Kildee**. How about Madison?

Mr. **Sykes**. Well, there has been a study, and I can't quote the source, recently that said there probably would be a 50-percent demise nationally. You are looking at maybe 500 of the less than 900 now community action agencies falling.

In our agency in Milwaukee, we probably would exist but we would exist again probably with those programs that are dependency programs, and the things that we do that really help people come out of poverty would be eliminated.

Mr. **Kildee**. How about Indiana?

Ms. **Lewis**. I would venture to say that in Indiana—we have 24 community action agencies, and of those agencies we are responsible for delivering services in all 92 counties. That is a real wide spread. And as I indicated earlier, those are basically rural areas. I would venture to say that more than half of us would be faced with closure.

The State of Indiana does have enabling legislation that addresses our existence and mandates certain responsibilities as far as we are concerned, but currently there are no fiscal attachments to those pieces of legislation.

So, I would venture to say that there would be a serious cutback on delivery of services to those people who are counting on us.

Mr. **Sykes**. One final point I would like to make. You know, community action agencies receive a lot of scrutiny, and where they are using Community Services Block Grant money for administration, a lot of times it has been essential to maintain public accountability.

When we bring all these different kinds of funding sources together, you would be amazed at the different regulations that each one of them wants you to follow. And I would venture to guess that even those agencies that did succeed, next year you would have a whole string of fiscal irregularities and problems that would spring up because they would not be able to maintain such a complex operation without Community Service Block Grant.

Mr. KILDEE. Mr. Brand, I have a house in Virginia also. I have my home in Michigan, of course, which I represent. So, I watch Virginia government, I have for the last 10 years very closely, and Virginia in certainly the last 21 years has made some great strides in economic development and growth.

Do you think that the community action agencies and the other antipoverty programs have played a role in the economic growth of the Commonwealth of Virginia?

Mr. BRAND. There is no question about it. We have cut the poverty rate in half in the last 20 years. No question about it.

Mr. KILDEE. Not only are the poor helped in that, but——

Mr. BRAND. It is a good investment. The money that has been invested in these people to get through 12 years of schooling and help solve the other problems so that they can be self-supporting citizens is the best investment that I know of.

Mr. KILDEE. Is the businessman better off in Virginia because these people have——

Mr. BRAND. No question about it. We have got a bigger work force and we have got a bigger market.

Mr. KILDEE. Anyone else have any comment on that? I really think it is an investment, and for $335 million, when we see, you know, money being spent elsewhere——

Mr. BRAND. Is public education a cost or an investment?

Mr. KILDEE. I think it is an investment. In real life I was a school teacher, so I very much——

Mr. BRAND. This is public education for those people that drop out of the system.

Mr. KILDEE. Major Owens.

Mr. OWENS. Well, I would like to congratulate the panel for certainly answering Mr. Speers.

I think there is a real paradox shaping up here. This program is faced with extinction. It could easily be wiped out by Gramm-Rudman, if not by the President, either way.

And yet after having gone through a baptism by fire, having spent the beginning years evolving from a very troubled program, although I don't agree with all of the kinds of statements that have been made about it—it was a much maligned program—at this point in its history it is very much attuned with our fundamental capitalistic approach to problem solving, as Mr. Brand has pointed out again and again.

We have an investment here of a small amount of seed money. The amount of money involved nationally as well as locally is a very small amount of money. And yet that money is the leveraging pot, it leverages so much else.

Here is a program which, you know, by any standards, Republican or Democrat—in fact, it is more a Republican program now than anything else, and it is doing exactly what the President says he wants to do.

When they start taking a look at other welfare programs, they are going to have to come to some of these same conclusions, that this is the kind of approach you take. With a small amount of seed money, how do you maximize your return.

And yet, in a democratic society, which is of evolving ideas and concepts, the fittest ideas and the best concepts should survive in a society where free people make choices, intelligent people make choices.

So, what is the problem? Why can't the hardboiled businessmen of this administration see the obvious, that here is a program which is very much in harmony with the most basic kinds of principles? You understand, you have an incentive to take that small 12 percent of your total budget and go after more money, use your administrative apparatus to bring in all kinds of other programs that basically help the poor.

So, my question to all of you is, what is the problem?

Mr. BRAND. The problem is just what you said, why don't the hardnosed businessmen of this administration understand it. I had three meetings with David Stockman when he was head of OMB and he had a blind face to this.

Mr. OWENS. Is he blinded by ideology? An ideology which says that anything that was created in the great society is bad and this is something we can go out and destroy because it is so small, is that the problem?

Mr. BRAND. That is part of it. When President Reagan asked the other night to define the role of Government, I don't really think he understands what a community action agency does, despite his experience in California. I don't think that they understand that it is an investment.

Mr. OWENS. Do you find you don't have enough opportunity to talk to businessmen in the administration to sell these ideas? Is it the lack of exposure to ideas like yours forcefully presented?

Mr. BRAND. I could not convince Mr. Stockman, and I haven't had an opportunity to speak to President Reagan. But I have talked to members of the Domestic Council and I get a warm reception but they don't change their views because President Reagan has dug in his heels on the issue.

It is just like a tax increase. It doesn't make any difference whether we need it or not, he has dug in his heels and taken a position.

Mr. SYKES. You know, I think that—a couple of things. One, I agree with you that we have created this public declaration that everything in the 1960's was a failure, of the social programs. And there is a tendency to lump community action opportunity oriented programs with other welfare programs.

I think that when I can get businessmen in Milwaukee, as the experience we have had with the Rotary Club and our Second Harvesters—once they get involved with us and see what we are doing, then we can get some converts.

But publicly, the media tends to lump everything together and I think that with this administration there is some serious question as to whether or not they think that the Federal Government should be involved in anything other than defense.

And I agree with Mr. Brand, I see that a healthy nation internally, our domestic security has got to be enhanced by having healthy people financially in our society. And I don't think we are looking at that, but I think we just paint it with a broad brush to try to lump dependency programs together with programs that are working for opportunity structure.

Mr. OWENS. Again, I want to thank all of you for excellent testimony.

Mr. KILDEE. As I was sitting here listening to testimony today, I was whispering to my staff director to put that in my floor speech when I defend this on the floor. I got some great material for a floor speech from all of you, really. Very good.

As a matter of fact, my staff director—I am going to embarrass her now—she just turned to me and said, you know, I hate to brag but this is one of the best panels we ever had, and I certainly agree with that. Excellent.

Mr. Perkins.

Mr. PERKINS. Thank you, Mr. Chairman.

I would like to apologize to the panel for not being earlier. I was detained in an Economic Development Subcommittee meeting that I also consider very important.

It will serve little function for me to question you on a variety of things that I am sure we agree with. I would, however, just, in an attempt to play devil's advocate and realizing that we are foot soldiers in the cause sitting here, but realizing that when we come to the floor of the House of Representatives the dominance of ideology that we maintain on this subcommittee and on the committee as a whole is not reflected in the collective membership of the House of Representatives, and certainly not in the Senate of the United States.

I suppose I would, with that frame of reference, ask you, in the prioritization process that we as Government officials are required to perform, can you indicate to us what you consider to be the priorities in the human services areas and why should we, in essence, be funding programs that are not prioritized in a specific fashion?

Mr. BRAND. My No. 1 priority is the community action agency. I testified before Congress 4 years ago when the Community Services Administration was eliminated. I was against eliminating the Community Services Administration.

Then we got the Community Services Block Grant, which kept the community action agencies going at about 60 percent of its level. We are at that level. We are not going to reverse the trend.

Of all of the programs, self-help programs that I am familiar with in the country, and I have visited many of them, the concept of the community action agency and the way that all resources, local, State and Federal, are put together for a modest amount of money and that this minor seed money is leveraged many times over, the paid workers are supplemented 8 to 1 with volunteers, I don't know of a program that has as good a payoff and is a better investment than the community action program which is concentrated to a single constituence of the poor people in the United States.

That is my No. 1 priority. Now, if you want to have other priorities, I will be glad to list them. But that is my single greatest priority and is why I have chosen with my volunteer activity of 20 percent of my time to put my time in that effort, rather than on mental health boards and on arts councils and things of that kind.

I made that decision 20 years ago and I have reevaluated every year.

Mr. **Perkins**. Sir, just for informational purposes that I am sure we can use at a later date, the leverage idea that you have brought before us was, I think, probably one of the more helpful tools that we will be able to utilize at a future date. Are you able to provide us with some sort of data as to how you arrived at that figure?

Mr. **Brand**. We would love to do that. As a matter of fact, it even has a second step on it, and that is that in Virginia we put out what we call a cost/benefit analysis, so that every dollar that is spent or contributed by either the local government or the State government or the Federal Government, we calculate the economic return on that investment.

We would be pleased to provide you with that data.

Mr. **Perkins**. We would be very interested in seeing exactly that sort of document, because that is something that we can point to, relate to, and explain.

Mr. **Brand**. Fine.

Mr. **Perkins**. Getting back to my role quickly as devil's advocate before we all have to leave and the chairman has to tell us to say bye——

Mr. **Brand**. That is the Virginia Statement of Cost/Benefit.

Mr. **Perkins**. Thank you very much. I am sure that everyone here is interested in seeing the same thing, so, if we could have this copied——

Mr. **Kildee**. Made part of the record?

Mr. **Perkins**. Yes, made part of the record, I think that would be very helpful.

In terms of the prioritization process, you know, I personally believe very strongly that you have to eat first, and I suppose that when I start prioritizing I look toward programs like WIC and some very fundamental sorts of programs.

This, without any one area, is hard to get up and say, I understand that you pay the administrative costs of some really important programs like WIC, like Head Start, I understand those things. But when you start talking about administrative costs, excellent statements about what you made, these are difficult, I think, to defend, even to a budget hungry, cutting Congress, and an administration that views social services as something of an inconvenience.

But how do we go about fashioning the best argument that is possible to show the actual need? Is there an impact argument? What is it?

Mr. **Sykes**. Well, Congressman, I think that this discussion of administrative costs is important, but it really is not the full picture. We do not use 100 percent of our CSBG for administrative costs. And while it is used——

Mr. PERKINS. I am aware of that.

Mr. SYKES [continuing]. With Minnesota and a lot of those other programs, it is also used to create the kind of project that I mentioned that was in Congressman Petri's district, the incubator and a job creation project. And I think a lot more of that kind of unique program design, meeting community needs, is important.

But when I think about prioritization, we get hit with that same question at the State, what about WIC or some of those kinds of direct benefit programs.

And my only argument against that is that those direct benefit programs, again, are not getting people off the rolls. They are just allowing people, you know—the President is fond of using an analogy about teaching to fish and giving fish. They are giving fish, in some respects, and they are essential and necessary.

I believe the small amount of money that goes into community action agencies through CSBG is returned in terms of the number of jobs that are created and the taxes paid by those people.

We keep using the analogy and the comparison, for instance, between Head Start—this is not a dollar argument, particularly. But when I think about Head Start, absent community action agencies I then see nothing more than a straight educational program. And while there are a thousand reasons, as the Chairman has mentioned being a school teacher, so am I, when I look at what is happening in our public education, we are failing.

Our products are not meeting the needs that they ought to. So, what makes Head Start particularly successful is the whole community action involvement of those parents that make them effective educators when they move into the public schools.

Mr. PERKINS. We are about to bail out. I think it was an excellent comment, and I think it would be very helpful to us, again, if you could show not only where we are moving to as an agency, but are moving in a direction that would help the administrative level variety of programs. The idea is to try and break the cycle of poverty and use that as the investment and return.

I think information that could be provided along those lines would be extremely helpful to us.

Mr. KILDEE. Thank you very much.

Mr. BRAND. Mr. Chairman, attached to my testimony was our annual report, and on the back of it is the breakdown of our enter budget, which shows administrative costs and how we leveraged the money.

Mr. KILDEE. Also, this document, without objection, will be included in the record.

Mr. KILDEE. I want to say this, I have to go and vote, too. There is a vote on over in the House.

So, I want to thank this panel. It has been excellent. Sometimes you may wonder whether you have made a difference. I am convinced myself that your testimony of this panel today will be translated into votes on the House floor.

I believe in this program passionately, but you see it day by day from various points of view, and you bring to us testimony today that has been really excellent. I have got ideas for my presentation on the House floor that I did not have before.

So, I want to thank you very, very much for your testimony.

Mr. **Brand**. Mr. Kildee, I would like to volunteer to come and talk to anybody who needs——

Mr. **Kildee**. If we have some people who need help, we will call upon you.

We will keep the record open for 10 days and we will stand adjourned.

[Whereupon, at 12:18 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Office of Community Services
Washington, D.C. 20201

14 MAR 1986

Honorable Dale E. Kildee
Chairman
Subcommittee on Human Resources
Committee on Education and Labor
402 Cannon House Office Building
Washington, D. C. 20515

Dear Mr. Chairman:

I am pleased to respond to your questions set forth in your letter dated February 13, 1986 pertaining to the Community Services Block Grant. I also wish to express my appreciation for your interest and courtesy shown in the hearing on reauthorization of the CSBG program.

I am setting forth each question followed by my response:

Question:

1. The Office of Community Services gets CSBG plans and reports. Do these reports indicate that there were states which have to certify to their state legislatures that CSBG is not being used to duplicate other programs in the same jurisdiction?

Response:

The Office of Community Services (OCS) receives submissions annually from States requesting funding under the Community Services Block Grant (CSBG) program. One of the legislative requirements for this program is a public hearing, conducted by the State legislature, on the proposed use and distribution of CSBG funds to be provided for that year. Another requirement is a report on the proposed use of block grant funds received by the State, including a statement of goals and objectives, information on the types of activities to be supported, geographical areas to be served and the criteria and method established for the distribution of funds. This report also includes a description of how the State met the goals, objectives and needs in the use of funds for the previous fiscal year.

There is no legislative requirement or OCS policy related to either the legislative hearing or the reports which requires States to certify to the State legislatures that CSBG funds are not being used to duplicate other programs in the same jurisdiction. Although it may be conceivable that some state law may require such certification, no state has so reported to OCS, and we are unaware of any such requirement.

2. A recent study prepared by Fiscal Planning Services, Inc. on behalf of the National Council of Senior Citizens, the Service Employees International Union and the Villers Foundation predict that 39 states will run deficits if they attempt to make up revenues lost from anticipated Gramm Rudman reductions in fiscal 1987. Given that the Social Services Block Grant is not immune from Gramm Rudman reductions, how do you anticipate states would be able to fund the activities currently provided under CSBG?

Response:

The position of the Administration is that the kinds of activities -- not necessarily the specific activities -- funded by the SSBG and the CSBG are the same. The purpose of terminating the CSBG is to contribute to the elimination of the $200 billion deficit, and the total amount of funding available under the SSBG therefore would not be the same as has been available with both of the block grants in place. Because the goals of the two programs are the same, however, and the specific activities used to achieve those goals may be the same, the states and local providers should utilize funds available through the SSBG to fund those activities which they may identify as the higher priorities. They should determine which activities are the most effective at helping those who are supposed to be the ultimate at helping those who are supposed to be the ultimate beneficiaries of these programs, the low-income persons. Further, to the extent that CSBG funds are being used to enhance administrative costs of other programs -- estimated at from 30% to even 100% -- the elimination of the CSBG should not be replaced by the SSBG, as Congress has provided administrative costs for those other programs and has determined the amount that should be spent for such costs. Other providers have successfully administered such programs without the benefit of supplemental funds from the CSBG program. Thus, while not every specific activity funded with both the CSBG and SSBG programs in place might continue with just the SSBG being funded, the states and local providers would determine the priority of those activities to be funded to achieve the goal common to both block grants -- that is, to lessen dependency and to attack the causes of poverty.

3. The Administration's budget documents claim that CSBG offers states little flexibility to allocate funds based on their needs and priorities. A letter I received from the National Governor's Association (NGA) commenting on the 1984 authorization bill states "one of the reasons that the pass-through works for the objectives of state government is that the local community action agencies typically administer programs planned and funded through state agencies. . . ." Can you document any claims where state officials have taken a position contrary to that expressed by the NGA?

Response:

The Administration contends that the states should be provided the flexibility to allocate funds according to their needs and priorities and that that flexibility should include the right to determine those organizations which would be the providers of various services. It is likely that states would continue to utilize CAAs as providers where those agencies have proven effective in serving the poor, but the Administration rejects the argument that the CAAs need to be protected and that their continued funding should be required by law. States should be free to use other organizations as providers if they feel those other organizations would be more effective. The effective CAAs should not fear the competition.

The ability of CAAs to successfully compete for CSBG funds is evident from the experience of Oklahoma in 1983. The State had assumed that the 90% pass-through provision would not be extended into FY 1984, and announced a statewide competition for CSBG funds. The State's 21 CAAs all applied, along with one county government, the Oklahoma Nutrition Council and three other private, non-profit organizations. As a result of the competition, the State selected 20 CAAs, one non-profit organization and a new contractor. The new agency which was designated as a CAA to serve two counties previously served by longstanding CAAs, submitted one of the two best proposals. Even with open competition, most of the CAAs in the state were funded, while the state was able to improve the quality of the program.

The unhappiness of state officials with the pass-through provision was noted in a policy paper prepared by the National Governors Association on September 30, 1983 entitled "Basic State Policy Decisions and Anti-poverty Strategies in the CSBG Program." According to the paper, "Many states were stunned when Congress extended the 90% pass-through requirement for CAAs and other 'eligible entities' on October 1, 1982, just as the first transition year for block grants was winding up. Some states had made elaborate plans to fund local governments and other agencies, and demanded that Congress reconsider the 90% pass-through and repeal it."

Congress did not repeal the pass-through provision, but did approve language allowing states with 45% or more of their counties unserved by CSBG funds to apply for a waiver of the 90% requirement. Four states——Colorado, Nevada, Utah and Wyoming——qualified. The performance of these states in administering the CSBG program without the constraint of the pass-through, bears out the Administration's contention that allowing the states total discretion in the selection of providers results in a better program.

In Utah, for example, the above-cited NGA paper reports that "coordination between the CSBG and other programs, especially employment and training and Community Development Block Grant programs, has been enhanced because local governments in Utah operate all federal block grants for local level programs... . Using the waiver's flexibility in FY 1983, the state .... was able to use 12.3% of its grant to expand the CSBG program into the 45% of its counties that were not previously served by its six CAAs... ." "In FY 1983," the report continues, "CAAs received nearly 83% of Utah's total CSBG allocation...The difference was that the CAAs got their funds through county governments." The director of one of the CAAs said that his program "was not in the least bit affected by the waiver in FY 1983 and that, in fact, "we're better off than we've ever been because we're beginning to be accepted by local officials."

In Wyoming, according to the NGA paper, "giving CSBG funds to counties allowed the State to expand services to virtually every county in the State," something which "would not have been possible without a waiver exempting the State from the pass-through requirement." The flexibility provided by the waiver also "allowed Wyoming...to increase funding to, and improve services with two Indian tribes." Nor were the CAAs adversely affected. According to the NGA paper, "county governments have subcontracted their grants to CAAs in all the areas where they have previously operated."

In Colorado the story is the same. The NGA reports that "linkages have been strengthened between CAAs and local governments since Colorado began giving grants directly to county governments under the waiver." Finally, in Nevada, where the State has designated its Office of Community Services as an eligible entity and a grantee, the State's total discretion in selecting providers has enhanced the effectiveness of the statewide program. According to the NGA paper, the Nevada CSBG Administrator cited the State's Small Business Economic Recovery Program as an example of how CSBG funds could be used "to have a real impact on poverty." She also cited the decision to directly fund food banks from CSBG funds as another way to insure that these funds were used programmatically, rather than for administrative costs. Although the State's two CAAs were funded in FY 1983, the State had plans to open up the CSBG in FY 1984 to other entities and to allow the CAAs to compete, in order to insure that the State provides funds for "the best service at the lowest administrative costs." (Emphasis added).

4. You mention in your statement that the discretionary portion of CSBG also duplicates other federal programs. What other federal program does the National Youth Sports Program duplicate?

Response:

The discretionary portion of the CSBG does indeed duplicate other vastly more substantial federal programs that are funded for the same purposes. The CSBG has available in FY'86 for economic development $17.5 million compared to an FY'87 budget for the Department of Housing and Urban Development through the CDBG program of $109 million for the same purposes. The discretionary program appropriations available for assistance to migrant and seasonal farmworkers in FY'86 is $2.6 million compared to a FY'87 request for the same purpose through the Department of Labor for $58.2 million. The discretionary program amount available for rural housing rehabilitation and repair for FY'86 is $2 million compared to a FY'87 request for the same purpose through HUD for $79 million. The amount available through the CSBG discretionary program for rural water and waste water projects in FY'86 is $1.5 million, while the request for FY'87 for such projects nationwide through EPA is more than 1000 times that amount at $1.8 billion. The remaining program funded through the discretionary portion of the CSBG is an appropriation in FY'86 of $5.8 million for a national youth sports program. That amount contributes to the NCAA which in turn funds colleges and universities throughout the country to conduct youth sports programs during summer months. We are unaware of another federal program which has funding available for this specific purpose, but do point out that additional millions of dollars are contributed by both the NCAA and the colleges involved as well as by private sources. Should the program be considered of sufficient impact and effectiveness by those participating in it, it may be anticipated that such support would continue.

5. Presuming the President's request for recission of discretionary funding is not approved, please provide the Committee with a timetable for the discretionary process and a copy of the program announcement to be published?

Response:

The announcement of requests for proposals for the FY'86 discretionary funding was published in the Federal Register on February 10, 1986. The deadline for receipt of proposals is March 31, 1986. Upon receipt, the proposals are logged, and in accordance with standard Department of Health and Human Services policy are randomly selected to be reviewed by outside field reviewers who are private citizens located throughout the country. Each proposal is reviewed by five such reviewers. Reviews will be completed and returned by the end of June. The staff of the Office of Community Services will tabulate the scores given by reviewers and will also independently examine the applications to insure that they meet all requirements and criteria. Proposals will be presented to the Director for consideration and discussion in order of the scores received.

It is contemplated that funding decisions will be made and Congress notified as to successful applicants in early September. A copy of the announcement for discretionary funding is attached.

6. For each year of funding for the discretionary fund, please provide information on the number of housing units assisted under the rural housing program, the number of jobs created and private funds leveraged under the community economic development program, the number of farmworkers assisted under the farmworker assistance program and the number of low income youth served under the National Youth Sports program?

Response:

The answer to this question is presented in the accompanying chart.

If I can be of further help or respond to any further questions, please do not hesitate to let me know.

Sincerely,

Jerrold Speers

Jerrold B. Speers
Acting Director

Enclosures

Following are the responses to the inquiries contained in question #6. The data provided reflect final information available for Fiscal Years 1982 through 1984 but present only projected outcomes for Fiscal Year 1985 since programs funded with that Fiscal Year's monies are currently in their second quarter of operations.

	FY-82	FY-83	FY-84	FY-85
TOTAL AMOUNT OF FUNDS AVAILABLE FROM DISCRETIONARY PROGRAM	$31,086,00	$31,320,000	$31,320.000	$33,135,000
HOUSING				
- Amount of Discretionary funds for housing repair	$2,474,368	$2,304,000	$2,304,000	$2,304,000
- Number of Housing units assisted	1,206	997	892	1,172
COMMUNITY ECONOMIC DEVELOPMENT				
- Amount of Discretionary funds for CED programs	$19,065,000	$18,840,000	$18,790,000	$19,920,000
- Number of jobs created	4,395	2,975	3,572	3,705
1/ - Matching funds provided	$38,092,376	$24,128,293	$24,426,705	$21,593,354
MIGRANTS AND SEASONAL FARMWORKERS				
2/ - Amount of Discretionary funds for MSFW programs	$1,246,945	$2,880,000	$2,880,000	$3,035,000
- Number assisted	Crisis Relief, 4,342	2,920	2,824	17,761
	Training/Plac. 424	621	974	1,661
	Nutrition, 1,715			
	Hsg Repair, 40	247	562	
NATIONAL YOUTH SPORTS PROGRAM				
- Amount of Discretionary funds	$5,760,000	$5,760,000	$5,760,000	$6,130,000
- Number assisted	52,044	52,178	54,184	51,970

Question #6 (Continued)

1/ Each grant in the area of Community Economic Development has the requirement of providing matching funds of either $1 private sector or $2 public sector for each $1 of funding provided in an Office of Community Services Discretionary Program grant. All grantees that received OCS grants have met this requirement. Most of the grants have also utilized resources in addition to the matching funds required by OCS, although the size of and total amounts obligated to the projects vary widely. It is not clear how much of the additional resources were dependent upon an OCS grant.

2/ The Migrants and Seasonal Farmworker programs provide a wide variety of services and supports to those served. Our response attempts to provide data on those service and support areas in which the majority of OCS Discretionary Grants Program funds were or will be utilized.

PREPARED STATEMENT OF THE NATIONAL CONGRESS FOR COMMUNITY ECONOMIC DEVELOPMENT

Mr. Chairperson, the National Congress for Community Economic Development (NCCED), a national membership association of over 130 community-based development corporations, is pleased to submit testimony on behalf of the reauthorization for the Community Services Block Grant and its Secretary's Discretionary Fund.

The discretionary fund of the Community Services Block Grant (CSBG) is unique. It is the only federal program designed to promote community business development and jobs in economically distressed areas. The few remaining federal programs designed to provide economic development -- HUD's Urban Development Action Grants (UDAG), EDA grants and the SBA have been substantially reduced, and under the President's FY 1987 budget are slated for elimination. Yet even if these programs were fully funded, the goals and nature of the population served by these programs differ from those of the discretionary funds. HUD and EDA require public bodies as applicants and neither are well-targeted to economically distressed or rural areas. SBA provides only loans or loan guarantees which are, by themselves, of little or no use to impoverished areas. The aim of the discretionary fund, unlike other federal programs, is to promote non-profit community development corporation efforts which in turn stimulate economic growth. Funds are used to provide venture capital to develop businesses, develop or rehabilitate housing, renovate commercial and industrial facilities, provide technical assistance and training and cultivate networks among low-income people, financial institutions and community leaders.

The success of a small amount of federal seed money has been remarkable. Federal investment has created thousands of jobs, at little cost, and in areas of the country hit hardest by unemployment. In 1983 the Office of Community Services (OCS), with $18.8 million funded 42 projects across the country. 3,000 new jobs were created at a cost of $6,300 per job. In 1984, with federal funding of only $18.7 million, the OCS predicted that 42 grantees would be able to develop 3,800 new jobs. In fact, 4,858 new jobs were created at a cost of only $3,849 per job. And in 1985, the OCS expects 36 funded projects to create 3,710 new jobs at a cost of $4,641 per job. This from a federal investment of only $17.22 million.

Projects selected for funding create new businesses in areas of the country which some may have thought unable to rebuild -- either too poor, too old or too rural to attract employers. The jobs created are useful ones and have a future. Projects funded include industrial rehabilitation, commercial development and construction, retail construction, manufacturing, training and community services. (See attached chart for type of projects funded by fiscal year.)

The discretionary fund has helped hundreds of local communities across the country. Four of the most successful programs are the Northern Community Investment Corporation (NCIC) in St. Johnsbury, Vermont, Eastside Community Investment, Inc. (ECI) in Indianapolis, Indiana, Community Development Corporation of Kansas City (CDCKC) in Missouri, and the Mountain Association for Community Economic Development (MACED) in Kentucky.

NCIC serves 6 rurally impoverished counties of northern Vermont and New Hampshire. The 185,000 people who live in these counties are chronically unemployed, underemployed or dependent upon public assistance. Yet over its 9-year life span, NCIC has invested in 127 businesses and 12 housing projects using $10.2 million in federal, private and public funds to leverage $43.7 million. NCIC's projects have generated or sustained 1,461 jobs. The corporation functions as a financial alternative and catalyst for entrepreneurs and businesses, provides technical assistance, and helps to create links in the local communities between banking and business people. For example, an equity investment by NCIC of $950,000 leveraged almost $2 million in private and federal funds, enabling a closed shoe plant in Lisbon, New Hampshire to reopen. The company initially hired 175 unemployed area residents, and today the annual payroll of $2.5 million supports 272 employees. In one economically depressed area, a large factory complex had long stood abandoned. An NCIC subsidiary purchased and rehabilitated it, selling it to a major casting manufacturer which has subsequently hired 220 people. Another top priority of NCIC is the creation of housing. With another subsidiary, NCIC has developed a community care facility providing rooms, meals and services to 278 low and moderate income elderly residents.

Eastside Community Investments, Inc. focuses on "self-help redevelopment" in a community where unemployment has been as high as 16%, and 75% of the families earn less than the county's median income. ECI has a development strategies, promoting business development and housing rehabilitation. With a $350,000 grant from OCS, ECI was able to leverage an additional $860,000 and turn a closed elementary school into a 24-unit apartment building for low-income people. Over the life of the project, 27 people in the hard pressed construction industry were employed. ECI has also begun development on an industrial park which will not only help retain 100 existing jobs, but create 310 permanent jobs as well.

The Community Development Corporation of Kansas City (CDCKC) serves an inner-city low income predominantly Black community. They have undertaken a wide range of housing, commercial, job training, and business development initiatives to help revitalize their community. CDCKC received $500,000 from the OCS Secretary's Discretionary Fund in 1985 to develop a 150,000 square foot shopping center in the inner-city of Kansas City which will provide 239 construction jobs and 150 permanent jobs, while providing needed services to community residents. OCS funds have leveraged a $2.5 million loan from the Prudential Life Insurance Company, $550,000 syndication, $100,000 grant from the city, a $150,000 grant from the Hallmark Foundation, and $300,000 of equity from the CDC. The shopping center which is named Linwood will be the first shopping center constructed in a low-income neighborhood in Kansas City.

Communities in the poor, rural areas of central Appalachia have a different set of problems. Many people are unemployed or work only part of the year at low-income jobs in the local hardwood industry. These industries do not have the financial capabilities or expertise to expand the marketing of their products. And because of the uncertain nature of employment, many people cannot afford proper housing. MACED is developing community-wide, long-term strategies to address these issues. With a $685,000 grant from OCS, MACED was able to leverage over an additional $1 million. This money was used to form a new lumber company, is developing markets for small local mills, provides them with technical assistance, and employs 40 people. MACED also was instrumental in forming a consortium of 94 banks in eastern Kentucky which are now committed to providing long-term, low down payment mortgages.

Community economic development monies provided by the CSBG's discretionary fund are of vital importance to communities across the country. With a small federal investment, community based organizations are able to develop a comprehensive approach for the economics, political and social revitalization of their areas. Despite economic and political obstacles, these organizations have been able to achieve significant accomplishments in job creation, housing development, service delivery, institution building and economic and political empowerment for low and moderate income people.

Mr. Chairperson, we thank you and other members of the Subcommittee for considering the testimony of the National Congress for Community Economic Development. We applaud the Subcommittee for convening hearings on the reauthorization of the CSBG and Secretary's Discretionary Fund.

Types of Projects Funded by the Discretionary Fund
FY's '83-'85

	1983	1984	1985
Industrial Rehabilitation	10	12	6
Commercial Construction	9	13	12
Commercial Development/ Retail Construction	5	9	4
Manufacturing	12	3	7
Training	1	3	3
Community Services	6	2	4

PREPARED STATEMENT OF BOB RAPOZA, LEGISLATIVE DIRECTOR, NATIONAL RURAL HOUSING COALITION

My name is Bob Rapoza and I am the legislative director of the National Rural Housing Coalition. I am pleased to have the opportunity to present this testimony and discuss rural water and wastewater and housing development needs throughout the nation and the importance of the Secretary's Discretionary Fund of the Community Services Block Grant, CSBG, in addressing those needs.

There is a considerable need for adequate water and wastewater facilities in rural areas in all parts of the nation. For example, only about 50% of rural communities have public sewer systems. A study which Cornell University made for the Environmental Protection Agency, EPA, indicates that rural water contamination is much greater than believed. In fact, 2/3 of private, or nonpublic water systems in rural areas have at least one maximum contaminate level, MCL, as measured by EPA.

Improving water and/or wastewater facilities is a major undertaking for any community - particularly for a small rural community with few professional staff and meager financial resources. Building a new water or wastewater system or rehabilitating or expanding an existing system is a long and intricate process: development of a new water system can take as long as four years; a sewer system may take ten. Some communities encounter so many obstacles that they give up in frustration. Others make mistakes they will have to live with - and pay for - for years.

Supported by the discretionary fund, the Rural Community Assistance Program, through a system of six regional technical resource centers, or RCAPs, helps communities deal with the difficult problems of water and wastewater development.

For small communities that lack internal capacity for, and past experience in developing public works projects, the Rural Community Assistance Program can mean the difference between success and failure. With expertise in all phases of facilities development, the RCAPs assist rural communities by providing technical assistance tailored to the unique requirements of each situation.

An example of this is the work done by the Great Lakes Rural Network, an RCAP which serves seven states including Michigan. Through its local grantee, the Great Lakes RCAP launched the Livingston County Lake Water Assessment Project in Livingston, Michigan. The purpose of the project was to identify actual and potential public health hazard areas associated with failing private sewage dispoal systems in the older, low-income areas. Using the data gathered, the health department concluded that three of the surveyed communities need community sewage systems and so advised EPA. These communities are now seeking financing to build central sewage systems.

Nationally the program has been equally successful. In 1983, rural communities with some 185,000 rural families - over half a million people - were helped with water and wastewater improvements, or had substantially progressed in that direction as a result of RCAP assistance. And with the help of the RCAPs, rural communities have gained access to public and private resources - money loaned or contributed, goods donated, and labor volunteered - that might otherwise have been lost to them. In fiscal year 1983, with $1741,000 in federal funds, the RCAPs leveraged a total of $94,748,238 in public and private resources to assist rural communities with their water and wastewater problems. At the same time, the RCAPs have helped these communities save money by identifying the simplest, cheapest, yet most effective remedies to their problems. In 1983, the RCAPs spent an average of $9.18 for every family assisted and leveraged $54.42 for every dollar invested by the Office of Community Services, OCS.

In fiscal year 1984, with $1,535,000, the Rural Community Action Program helped 431 communities. And in 1985, with $1,746,000, 455 communities received assistance with their water and wastewater problems.

Yet the administration alleges that the activities undertaken by the Rural Community Assistance Program are duplicative of EPA and Farmers Home Administration, FmHa, efforts. In fact, FmHa and EPA programs are not specifically equipped to handle technical assistance for new systems, and work with treatment facilities, not water systems. In addition, funding for EPA construction grants has been significantly reduced and local share requirements for rural projects have been increased to 45 % of total development cost. This makes it very difficult for rural communities.

Neither FmHA nor EPA provide needed technical assistance to rural communities with water or waste disposal problems. Only the Rural Community Assistance Program provides help to rural America in developing water and waste disposal systems.

The discretionary fund also helps rural communities with the problem of adequate housing. There is considerable need for affordable and decent housing in rural areas. According to the 1970 census, there were 2.9 million occupied substandard housing units nationwide, of which 850,000 were occupied by very low-income households. The 1980 census indicates that we have made some progress in the intervening 10 years, but not for low-income people. While the incidence of substandard housing is about 1.9 million units nationally, the number of low-income units occupied by low-income households has unfortunately remained the same, 850,000.

The discretionary fund provides monies to non-profit organizations to help communities and individuals with their housing problems. Grantees work with low-income families on an individual basis to rehabilitate and weatherize their homes. They work with low-income rural communities to plan and develop rental housing for the elderly and low-income families. For example, in Massachusetts, Rural Housing Improvement, RhI, of Winchendon works with low-income rural communities in planning applications for rental housing. Project development of this kind is difficult and time consuming;

federal housing applications require extensive research, analysis and negotiation. Most small, low-income rural communities simply do not have the staff or the expertise to carry out the work necessary to develop housing projects. For example, working with community leaders in the Town of Hubbardston and Northbridge, RHI helped develop over 85 units of housing for the elderly. In Hubbardston,. this is the first unit of assisted housing the community has ever had. In Northbridge, a number of vacant schools were rehabilitated to provide housing for senior citizens.

In rural Oregn, the Oregon Housing and Associated Services, Inc., OHAS, with a $325,000 grant from the discretionary fund serves below poverty rural households in 14 counties throughout the state. Wtih 6 other rural organizations, they provided repairs such as removal of sagety and health hazards and weatherization to over 85 homes. Their rural housing program has a tremendous ripple effect in Oregon. OHAS provides direct assistance to rural, poverty level households, leverages additional resources on a 6.2 to one basis, and trains others organizations to do the same.

Nationally, with $2,055,755 in federal monies, the discretionary fund helped 12 projects provide rehabilitation, weatherizatic ınd electrical wiring for 892 units across the country in 1984. In 1985, with $2,304,000 13 projects provided these services or built 1,172 units. In 1983, rural housing grantees helped over 1,000 low-income families to obtain decent housing. In addition, over $17 million in private and public money has been leveraged and we estimate close to 700 jobs have been created.

The administration again alleges that the rural housing activities undertaken by the discretionary fund are duplicative of other federal programs. This is simply not true. At one time FmHA and HUD had programs for outreach and technical assistance for home repair or rental housing. Both programs were eliminated in 1981. The Community Development Block Grant does provide a source of financing for home repair. However, while OCS funds are limited to communities of 10,000 population, CDBG funds arte used in communities of up to 50,000 population. The President's budget proposes to reduce CDBG funds Small Cities in the next two years making it more difficult for smaller, rural communities to secure funding.

It is also interesting to note the relationship between rural housing and community facilities development. A key indicator of substandard housing is lack of adequate plumbing. In many cases, while individual homes need a bathroom installed, more often than not the community itself needs a water system or a new well dug. In short, the rural housing community facilities combination is an important one to most small towns and rural areas.

Mr. Chairman, we are grateful to you for your efforts to reauthorize and maintain these and other programs contained in the CSBG discretionary fund. I recognize there is little need to express to you our concern that this fund be continued and monies for these programs not be reduced further, or eliminated entirely, as the Administration has proposed.

As you know, the rural housing and community facilities programs funded until 1981 by the Community Services Administration, CSA, amounted to over 3 times the current appropriation for our programs. In short, while the effort we make is not equal to the need, it is effective and worth preserving. We hope that you will continue to be sensitve to rural community development problems and look forward to working with you on this important legislation.

DELMARVA RURAL MINISTRIES, INC.

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February 20, 1986

The Honorable Dale Kildee, Chairman
Subcommittee on Human Resources
Committee on Education and Labor
402 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find five (5) copies of the testimony Delmarva Rural Ministries submits regarding the impact on Migrant and Seasonal Farmworkers of the Community Services Block Grant for your review.

Please do not hesitate to call upon us for any further information we may provide.

Thank you for this opportunity, and for your consideration.

Sincerely,

Debra Singletary

Debra Singletary
Executive Director

DS:jdg

Enclosures

Prepared Statement of Delmarva Rural Ministeries

Thank you for this opportunity to comment on the impact of the Community Services Block Grant on Migrant and Seasonal Farmworkers.

Delmarva Rural Ministries is a private non profit agency serving the health and nutrition needs of migrant and seasonal farmworkers for over 12 years on the Delmarva Peninsula, and in the 5 state area of Region III since 1980. It is our belief that although the transition of many CSBG functions from Federal to State authority is appropriate and may work well, that this premise does not apply to programs which address the needs of migrant farmworkers. The migratory nature of farmwork respects no state boundaries; therefore the provision of even basic services to these migratory workers defies orthodox delivery mechanisms. Farmworker agencies possess the unique capacity of serving these individuals.

Migrant and Seasonal Farmworker agencies have evolved from the primeval mire of local community action agencies' and church groups' inability to adequately address the special needs of this population. This statement in no way discredits the work of these groups, it merely points out the overwhelming difficulty of effectively reaching migrant and rural poor if not set up to do so. Measures must be taken to ensure the provision of outreach to camps in rural areas, multi lingual/cultural sensitivity to a population which is routinely subject to parochialism, keeping abreast of the regulatory changes to help prevent migrants from falling through the cracks, of meeting the most basic of needs to up to thousands of individuals whose influx to an area may last a couple of weeks to several months. Farmworker agencies are governed (51%) by farmworkers themselves. This enables the agency to be guided by the people who are in the best position to formulate policy and direction. Farmworker agencies specialize in hiring staff who are sensitive to language and cultural conditions which set migrants apart from the local low income community. They have developed the most cost effective mechanisms over the years as well as an effective network with other farmworker agencies to share management expertise and to help track the movement of the farmworkers. This can be especially important in times of crop disasters, unusual weather conditions, or prevalence of communicable diseases. The itinerant nature of farmwork precludes any one state or area from adequately handling the problems of a mobile population which not only travels intrastate, and state to state, but region to region in pursuit of agricultural work in the migrant stream. Other Federal agencies have recognized the necessity to maintain farmworker programs at the Federal level, i.e. Health and Human Services/Migrant Health Project, Department of Labor/Jobs Training Partnership Act. The network of Migrant Health Clinics is particularly exemplary in focusing on the complex situation of the migrant farmworkers. These departments have recognized the illogic of block granting migrant programs.

Although current language in the Omnibus Reconciliation Act allows for farmworker agency eligibility through a state's CSBG allocation, the task of accessing these funds by farmworker agencies has been formidable. The reason for this is that while the law provides that 90% of the state's funds be allocated to community action agencies or farmworker agencies, there is no provision that farmworkers will receive any portion of the state's share. Indeed, most state's codes specify local or statewide community action agencies with the tripartite board structure as the sole eligible entity in the state. While this satisfies the 90% passthrough requirement and is the state's prerogrative, this mechanism in fact freezes out migrant farmworker agencies. Farmworker agencies are mandated to maintain a 51% farmworker governed board by virtually all other Federal sources.

It must be remembered however that even if farmworker agencies were embraced by the CSBG network in each state that this would not be any guarantee that even a semblance of continuity of care would be provided for the migrating farmworker.

The Conduit System

The mechanism designed to implement the comprehensive Community Food and Nutrition Project which has survived the tests of time, budget cuts, etc. is the Farmworker Conduit System. In an area of high farmworker impact, a lead agency is designated by OCS. This agency must not only have demonstrated strong administrative skills, but impeccable fiscal accountability, and the ability to enhance grassroots leadership. An area is identified as a conduit region where a pattern of migrancy is shown to have a recurring impact. This Mid-Atlantic region is an upstream group of five states (Delaware, Maryland, Virginia, West Virginia, and Pennsylvania) to which East Coast Migrants come to pick a variety of fruits and vegetables from Florida, the Carolinas and South Texas, move about within the region for the duration of the harvest season and then proceed either North to New York state, or return South to resume working the citrus crops.

Funds are awarded to Delmarva by the Office of Community Services through the Secretary's Discretionary program to serve as the Conduit for the five state area. DRM in turn seeks out and identifies other grassroots agencies in high farmworker inpact areas of the region which have demonstated ability to serve farmworkers in a cost efficient manner and who have shown committment to their needs. Funds are allocated based on number of migrant and seasonal farmworkers, expanse of the geographic area to be served, level of development of the CFNP, etc. Training and technical assistance are provided throughout the program year through management exchanges, telephone contact, program and fiscal report monitoring, and site visits. Local leadership is engendered in this way of exempting the smaller agencies from unnessary administrative burdens and encouraging new and innovative programming at the field level. Communication is fostered not only between the Conduit and delegate agency, but throughout the region as well as between the field level and the policy makers in Washington, D.C. It is a very efficient "system", in addition to being an effective tool in alleviating hunger and malnutrition in the migrant population. By the lead agency serving the administrative function, the smaller ones are freed up to perform the work in the field that they are best at doing. Through this mechanism the most non-Federal dollars are leveraged, local community participation is maximized, and the administrative function is kept to a minimum.

This Conduit system can only be maintained at the Federal level, by dismantling this system which efficiently and successfully meets unmet needs, a whole bureaucracy would have to emerge to attempt to address these farmworker issues. A recent in-house analysis demonstrates that even with a 1% reduction in funding between FY '80 and FY '84, the Delmarva Rural Ministries Conduit was able to improve its Nutrition Crisis Relief component productivity alone by 126%.[1]

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[1] This does not include the Self Help, Auxillary Services, and Nutrition Education components.

At a recent agricultural issues meeting attended by many local farm representatives, the relationship between Delmarva Rural Ministries Farmworker programs and area farmers was described as "symbiotic" by a representative of the Farm Bureau. Farmers need the migrant labor to harvest their crop in a timely fashion; yet all their needs, especially emergency situations, are beyond their capacity.

With all recent documentation of the need to maintain Community Food and Nutrition Programs for the nation's poor, including Nutrition Crisis Relief, Self Help projects, Nutrition Education, eligibility training for public nutrition programs, networking with all nutrition related groups, it is reasonable to extrapolate the need of the migrant farmworker as being above and beyond easily documentable needs of other low income groups. Of special note is recent research[2] results indicating that in the fourth (4th) week of a month a family receiving food stamps typically derived 23% of it's RDA's from emergency food closets. Although the results of similar work in rural areas is not yet completed, the results are apt to be even more disconcerting due to the logistical problems faced by rural poor in accessing emergency services. These beliefs are unfortunately borne out when DRM staff go to a migrant camp which has arrived for work, has been on the road for 2 or 3 days and the children have not eaten anything but sweet potatoes since they left the last camp they worked at, the work has not started yet, or the crewleader would not bring them into town for Food Stamps or Emergency Food, unless they paid $5.00/head, or the "boss man" did not think there was enough incentive to work if they were too well fed. . .

The Farmworker Community Food and Nutrition Project as we have described above is a vital program in ensuring the maintenance of basic nutritional status for migrant farmworkers. It has already received funding cuts over the last few years. We trust this testimony submitted today addresses any unanswered questions regarding the efficiency of the program. We urge that funding be maintained at current levels.

Any recission to this program during the program year would have devastating effects. The majority of the farmworker influx to the upstream states occurs during the third and fourth quarters of the program year. The impact of inadequate funds would directly effect the quantity and quality of Nutrition Crisis Relief for thousands of migrants.

A comparison of measurable accomplishments between the projected figure and the actual numbers reached in FY '84 are attached for your review, indicating not only the overwhelming success of the project, but the decided need.

Thank you.

[2] "Study of Food Procurement and the Nutritional Adequacy of Diets In Low Income Cleveland Families, Emmons, Lillian, Ph.D., R.D. Waite, Mylion, M.S.S.W., Uhle, Grace January 11, 1985.

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COMMUNITY FOOD AND NUTRITION PROGRAM

MEASURABLE ACCOMPLISHMENTS

September 30, 1984 - September 29, 1985

Program Area	Objectives	Accomplishments	
Nutrition Crisis Relief	6,000 MSFW's	12,350	206%
New Food Closets	1-3	1	33%
Transport/Translate/Prog. Elig. Trng.	3,000 MSFW's	5,626	188%
Nutrition Follow-up	2,500 MSFW'S	2,592	104%
Garden Projects	45	73	162%
Households	55	315und.	573%
Food Cooperatives	7	1	14%
Housenolds	140	156und.	111%
Brown Bag Clubs	14	11	79%
Households	180	704und.	391%
Community Greenhouse Projects	2	Not Feasible	
Food Preservation Workshops	15	18	120%
Households	150	78	52%
Nutrition Education Workshops	35	32	91%
Households	500	877	175%

Fiscal:

In-Kind Leverage of non OCS Dollars

OCS Grant Award $272,789.00

Dollars Leveraged $380,644.00 = 135% of required

PREPARED STATEMENT OF TERRY NEWHARD, EXECUTIVE DIRECTOR, NORWESCAP, INC., PHILLIPSBURG, NJ

I. PURPOSE

The purpose of this paper is to familiarize those persons connected with the reauthorization of the Community Services Block Grant, with the impact it would have on Northwest New Jersey. This paper is not a representation of all of the community action programs, nor does it speak on behalf of those agencies. Its goal is to be as brief as possible without boring the busy reader with unnecessary details. It is meant to summarize the overall impact of reduction or elimination of CSBG on the poor persons of our service area. It is to create an awareness of how CSBG funds are the "glue" that keeps an entire agency functioning and how we are the prime vehicle for the delivery of services in a rural area.

II. THE AGENCY

The Northwest New Jersey Community Action Program, Inc. (NORWESCAP) services the five (5) county area of Warren, Hunterdon, Sussex, Morris, and Somerset Counties. Incorporated in 1965, it has acted as the only agency in the area mandated with the mission of serving the low income population.

Today, with a budget of 3½ million dollars, it administers about 30 different programs, from 67 contracts. The 170 full and part-time employees served approximately 45,000 persons in 1985. Its major areas of emphasis include outreach, information and referral, energy conservation, fuel and utility assistance, emergency clothing and food, housing, recreation, head start, day care, transportation, child abuse prevention, volunteer placement, day care, WIC, and alcohol counseling.

Directed by a Board of 34 persons, it has continued to be a major force in fighting the barriers to self sufficiency.

III. OUR USE OF CSBG DOLLARS

NORWESCAP uses CSBG funds in the following ways:

1. To fund the core administration of the Agency: The Executive Director, his secretary, Deputy Director, and Board support to supervise 30 programs.
2. For the direct service of the outreach function: These people provide the linking of low income people to the needed services.
3. To cover the administrative costs of other programs: Some contracts have no funds for operating expenses and CSBG pays this cost. -
4. To operate a central food bank: This operation provides food to the local pantries and food closets. It is their primary source of foods.
5. To provide transportation for low income persons: The top problem identified in rural counties; we fill the gap for persons not carried previously,

IV. WHAT MAKES CSBG UNIQUE?

Most critics of the Community Services Block Grant (CSBG) argue that there is sufficient funding in most Community Action Programs (CAP's) that CSBG is not necessary for them to continue to function. From our perspective, that theory is unequivocably incorrect. Even though we have over 60 other contracts, the Agency would close without CSBG. NORWESCAP does not charge, nor could the other programs afford to absorb any administrative costs necessary to run the agency. **One of the reasons that we are an attractive non-profit to manage human services is that we do not tack on additional costs; therefore, all of the money from other sources can go into direct services.** In a rural area like ours, the funds are minimized and cannot afford to pay for a director, secretary, bookkeeper, and other costs.

Does it not make sense to operate in an efficient manner whereby there is one executive director and three bookkeepers instead of 30 of each to administer the 30 programs? This is the essence of the Community Action mission and the Community Service Block Grant Program.

These funds have often been described as "the glue that holds the agencies together." In our case, this metaphor could not be more accurate.

V. IS CSBG A DUPLICATION OF THE SOCIAL SERVICES BLOCK GRANT?

From a New Jersey perspective, the answer would have to be, no. In New Jersey, the Department of Human Services (DHS) purchases service in day care, transportation, counseling, visiting homemakers, abuse prevention, legal services, and various residential institution and de-institutionalization services. At no point am I aware of DHS funds being the administrative core of an agency that operates a multi-service agency.

If CSBG were folded into the SSBG, I am certain that its impact on Community Action Programs would be the same as the total elimination of CSBG. DHS would not use the money to fund CAP's administrative core.

NORWESCAP receives SSBG dollars and use them in a way that in no way duplicates the use of CSBG money. We use SSBG for direct services in day care, transportation, alcohol counseling, and an information and referral telephone program.

VI. THE EFFECT ON THE PEOPLE SERVED

The following charts indicate the number of persons that would be affected if the program were reduced by 25% or eliminated. As you can see, by a simple 25% reduction, approximately 20,605 persons would not be served through the programs.

If CSBG were totally eliminated, the Agency would close and only a few programs (6) could survive. The rest of the programs would close or would have to find other agencies to cover their administrative costs. Most programs could not go out on their own because the administrative costs would overwhelm their limited budgets.

VII. BEING AT THE BOTTOM LINE

With the elimination of the Community Services Administration, we had to retreat to a bare bones staff. The administrative staff was reduced from 8 persons to 2 persons. The outreach staff was reduced from up to 6 per county (18 total) down to 1 per county. This reduction made us go to a point of streamlining that, in effect, reduced the number of persons we could reach.

We consider ourselves at the bottom line for CSBG funding. A 25% reduction would only allow for the Executive Director and Secretary. This would virtually eliminate all outreach and our ability to link the needy to their services. A 25% cut would be beyond the bottom line.

VIII. THE EFFECT OF THE TOTAL ELIMINATION OF CSBG

The total bottom line in this scenario is the closing of an agency that has been an effective service delivery provider for over 20 years. NORWESCAP has been the "source of last resort" for most needy people. There has been a local understanding that if "no one has the answer, you can always call NORWESCAP." Although that always raises expectations that may not be met, it does say something for our credibility. The attached charts show that we served over 45,000 people in 1985. If CSBG were eliminated, it is our best estimate that approximately 36,000 persons would be affected.

We are the vehicle to deliver services to low income people and CSBG is the fuel that keeps that vehicle operating.

IX. IT'S EASY TO FORGET

The easiest thing to do when making decisions about funding is to look at the numbers. Recognizing that fact, this paper only described the effects of the cuts in total figures, but for each number there is a person or family. The most effective means to "drive home the point" would be to write a story on the 36,000 people whose lives will be touched by the decision on the continuation of the Community Services Block Grant.

Unfortunately neither the reader nor the writer has time for such a narrative. All I can hope is that the reader keeps in mind the human spirit and dignity that all of us try to hold on to in today's world. Struggling against the economic obstacles placed in front of the low income population, the spirit is eaten away. The CSBG program assists in keeping that spirit alive with a fighting chance. Taking it away would be another blow against what we have worked so hard to accomplish over the last 20 years.

SUMMARY

I hope that this brief presentation brought to light the need for the continuation of the Community Services Block Grant Program and eliminated some of the myths that are used by its critics. For NORWESCAP and my colleagues in New Jersey, CSBG represents the ability to administer the most cost effective, coordinated human services delivery systems available. Without it, the government would be taking a giant step backward in efficient management.

⑬

PROGRAM	CSBG USED	1985 PERSONS SERVED	SERVICE PROVIDED	IF CSBG 25% REDUCED	OTHERS IF CSBG ELIMINATED	RESULT OF CHARGE OR CSBG ELIMINATION
Outreach	Y1	8,678	Link low income persons to needed services	5,206	2,457	This project would close down. Could not afford Administrative costs.
Weatherization	Y1	371	Weatherize homes of low income households	222	18,914	Program only allows 5% Administration. This figure greatly exceeds that. Project would have to leave the Agency.
Personal Energy Program	Y1	43	Provides warm clothing package to low income seniors	43	-0-	Project would close; totally funded by CSBG.
Jersey Central Power & Light Assistance Programs	Y1	1,561	Provides weatherization, low cost self installation materials, utility payments, blankets	937	8,899	Funding source would not allow administrative cost. Move to another agency or close down.
Elizabethtown Gas Assistance Programs	Y1	934	Same as JCP&L above	560	8,814	Same as JCP&L above.
Supplemental Crisis	Y1	176	Provides spaceheaters and blankets in emergencies	176	965	No administrative costs allowed; project would close down.
Housing Services	Y1	25	Provides fuel payments in emergencies	8	1,297	Small budget, could not absorb cost. It would close or move.

PROGRAM	CSBG USED	1985 PERSONS SERVED	SERVICE PROVIDED	NOT SERVICED IF CSBG 25% REDUCED	$'S CHARGED OTHERS IF CSBG ELIMINATED	RESULT OF CHARGE OR CSBG ELIMINATION
Retired Senior Volunteer Program	Y1	853	Match seniors to volunteer opportunities in non-profits	-0-	7,905	Project would close under this agency but would probably find a new sponsor. Could not absorb administrative cost.
Food Bank	Y1	10,132	Provides food to 3 county food pantries for emergency distribution	2,500	-0-	CSBG funded; it would close down.
Women, Infants & Children Supplemental Food Program	Y2	21,736	Supplemental food package to low income women, babies and young children	-0-	9,306	Would have to find a new sponsor; close under NORWESCAP. Could not absorb administrative cost.
Day Care	Y2	90	Day care for low income pre-school	-0-	9,183	Could not absorb administrative cost, would have to find new sponsor.
Information and Referral	Y2	2,088	Information and referral telephone line to link people to needed services	-0-	3,978	Could not afford administrative costs; would have to find new sponsor.
Transportation	Y2	2,500	Coordinated public and social service transportation for whole county.	-0-	28,984	Could not afford administrative costs; would have to find new sponsor.

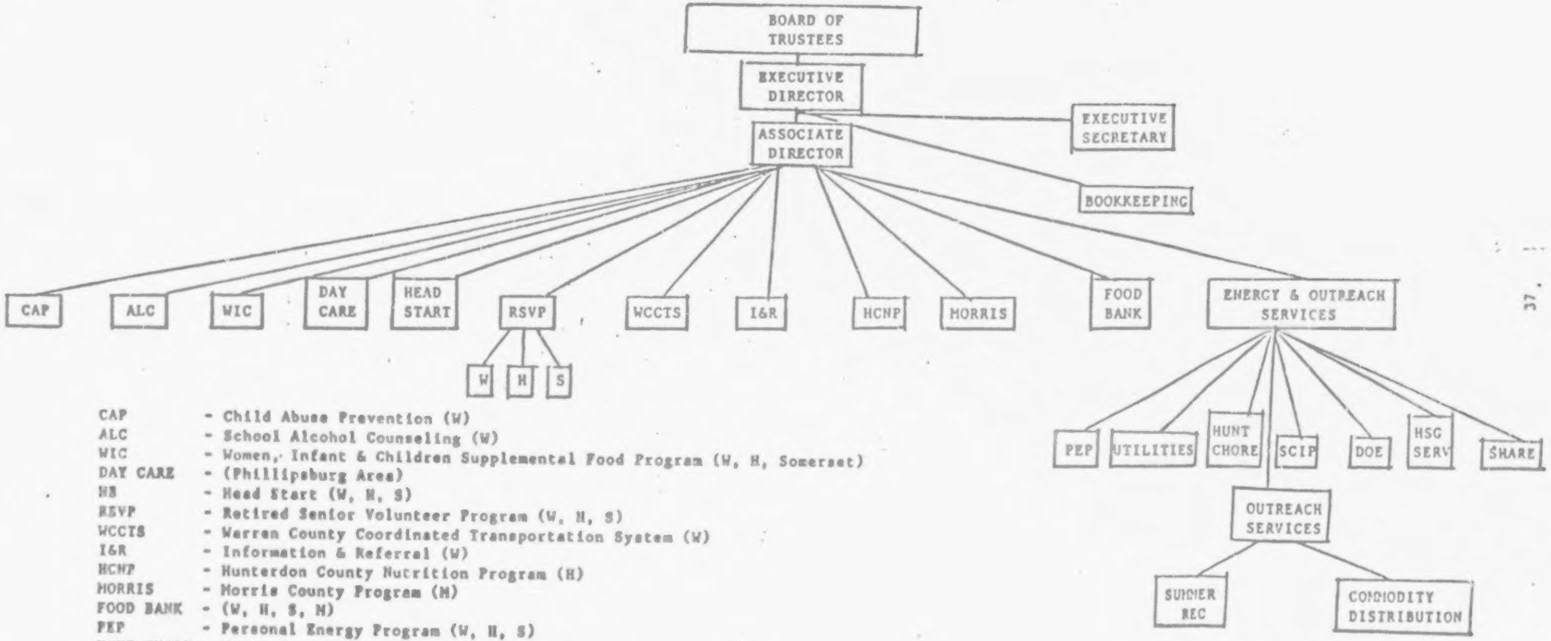
PROGRAM	CSBG USED	1985 PERSONS SERVED	SERVICE PROVIDED	CSBG 25% REDUCED	IF CSBG ELIMINATED	RESULT OF CHARGE OR CSBG ELIMINATION
Senior Housing at Reduced Expense	Y1	56	Match up for seniors wishing to share homes	56	-0-	Project would close.
Summer Recreation	Y1	650	Bus trips for low income children to state parks, museums, etc.	650	-0-	Project would close.
Commodities	Y1	9,920	Distribution of surplus food to low income	9,920	-0-	Project would close.
Head Start	Y2	232	Comprehensive program education, social and medical services for preschool	-0-	55,796	Could not take this much administrative money and project would move to another agency.
Morris Transportation	Y1	308	Transportation for low income persons to needed services	77	-0-	CSBG funded--Project would close.
Child Abuse Prevention	Y1	1,827	Education of school age children on sexual and child abuse	-0-	326	Project would go to another agency. No administration allowed.
Hunterdon Chore Service	Y1	502	Minor home repair and chores for low income seniors	250	-0-	Project would close.

PROGRAM	CSBG USED	1985 PERSONS SERVED	SERVICE PROVIDED	CSBG 25% REDUCED	IF CSBG ELIMINATED	RESULT OF CHARGE OR CSBG ELIMINATION
School Alcohol Counseling	Y2	353	In-school counseling for alcohol troubled youth	-0-	2,570	Could not afford administrative cost; would have to find new sponsor.

Y1 = supports direct cost of program and/or administrative cost

Y2 = supports through administration and supervision

NORWESCAP ORGANIZATIONAL CHART


BOARD OF TRUSTEES
EXECUTIVE DIRECTOR
EXECUTIVE SECRETARY
ASSOCIATE DIRECTOR
BOOKKEEPING
CAP
ALC
WIC
DAY CARE
HEAD START
RSVP
W
H
S
WCCTS
I&R
HCNP
MORRIS
FOOD BANK
ENERGY & OUTREACH SERVICES
PEP
UTILITIES
HUNT CHORE
SCIP
DOE
HSG SERV
SHARE
OUTREACH SERVICES
SUMMER REC
COMMODITY DISTRIBUTION

CAP - Child Abuse Prevention (W)
ALC - School Alcohol Counseling (W)
WIC - Women, Infant & Children Supplemental Food Program (W, H, Somerset)
DAY CARE - (Phillipsburg Area)
HS - Head Start (W, H, S)
RSVP - Retired Senior Volunteer Program (W, H, S)
WCCTS - Warren County Coordinated Transportation System (W)
I&R - Information & Referral (W)
HCNP - Hunterdon County Nutrition Program (H)
MORRIS - Morris County Program (M)
FOOD BANK - (W, H, S, M)
PEP - Personal Energy Program (W, H, S)
HUNT CHORE - Hunterdon Chore Service (H)
SCIP - Supplemental Crisis Intervention (W, H, S)
DOE - State & Federal Weatherization (W, H, S)
HSG SERV - Housing Services (W, H, S)
SHARE - Senior Housing at Reduced Expense (W, H, S)
SUM REC - Summer Recreation (H, S)
COMMOD - Commodities Distribution (H, W)
UTILITIES - JCP&L and Elizabethtown Gas (W, H, S)
- Utility Payments
- Weatherization
- Seal Up
- Kits

PROGRAM	SOURCE OF FUNDS
Retired Senior Volunteer	ACTION, County, United Way, Donations
Food Bank	CSBG
Women, Infants & Children Food Program	USDA via N. J. Department of Health
Day Care	Title XX, County, United Way, municipality
Information and Referral	Title XX, County, United Way, Business
Transportation	Casino funds, Title XX, Title III of OOA, United Way, N. J. Transit-Section 18, County, Agency contracts
Outreach	Title III of OOA, CSBG
Weatherization	Dept. of Energy, State of N. J.
Personal Energy Program	CSBG
Jersey Central	Utility private funds
Elizabethtown Gas	Utility private funds
Supplemental Crisis	N. J. Dept. of Community Affairs
Housing Services	Title III of Older Americans Act
Senior Housing	CSBG
Summer Recreation	N. J. Dept. of Environmental Protection
Commodities	USDA
Head Start	Dept. of Health and Human Services
Morris Transportation	CSBG
Child Abuse Prevention	Title XX
Hunterdon Chore Service	Title III of OOA

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

February 5, 1986

Honorable Dale Kildee
Chairman
Subcommittee on Human Resources
House Labor and Education Committee
2178 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman ~~Kildee~~: Dale

I am writing you in support of the proposed legislation calling for the reauthorization of the Community Services Block Grant Program (CSBG). The reauthorization of this program is of great importance to the lives of thousands of low income New Yorkers.

Over the years, the City's Community Action Program, which is primarily supported by CSBG funding, has been a unique and valuable way to meet the needs of the poor. In Federal FY 1985, New York City received $16.7 million in Federal CSBG funds, which the City supplemented with $4.3 million of its own tax levy funds.

During the past year, CSBG funds have supported almost 400 private, not-for-profit, community-based organizations which have served over 170,000 persons. The organizations provide truancy and dropout prevention services, youth employment and education programs, child and family assistance services, and senior citizen's programs. Clearly, these services must remain available to the many people who need them.

The CSBG Program is critical not only because of the services it provides to the poor, but also because it maintains an infrastructure of voluntary, community-based organizations which are vital to the survival of their neighborhoods. Accordingly, the reauthorization of the CSBG Program has my fullest support.

Page Two

I would like to thank you for your efforts last year in seeing that the CSBG Program was maintained at its existing budget level. I hope New Yorkers can count on you again in 1986.

All the best.

Sincerely,

Edward I. Koch

DHR
DEPARTMENT OF HUMAN RESOURCES

HARRY HUGHES
Governor

TELEPHONE

Office of the Secretary

RUTH MASSINGA
Secretary

JAMES TRAGLIA
Deputy Secretary

February 20, 1986

The Honorable Dale E. Kildee
Chairman, House Education and Labor
Subcommittee on Human Resources
402 Cannon House Office Building
Washington, D.C. 20515

Attention: Susan Wilhelm

Dear Ms. Wilhelm:

Attached is a copy of the Maryland Department of Human Resources' testimony concerning the Community Services Block Grant, which I would like to submit for the record.

Thank you for your assistance.

Warm regards,

Michael A. Graham
Deputy Director
Intergovernmental Relations

1100 North Eutaw Street Baltimore, Maryland 21201 TTY: 383-6994

DEPARTMENT OF HUMAN RESOURCES

HARRY HUGHES
Governor

TELEPHONE

Office of the Secretary

RUTH MASSINGA
Secretary

JAMES TRAGLIA
Deputy Secretary

WRITTEN TESTIMONY

OF

RUTH MASSINGA, SECRETARY
MARYLAND DEPARTMENT OF HUMAN RESOURCES

REAUTHORIZATION OF THE
COMMUNITY SERVICES BLOCK GRANT

February 18, 1986

Submitted to the House Education
and Labor Subcommittee on
Human Resources

1100 North Eutaw Street Baltimore, Maryland 21201 TTY 383-6994

REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT

I WOULD LIKE TO THANK THE HOUSE EDUCATION AND LABOR SUBCOMMITTEE ON HUMAN RESOURCES FOR THE OPPORTUNITY TO SUBMIT WRITTEN TESTIMONY ON THE PROPOSED REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT (CSBG). THE MARYLAND DEPARTMENT OF HUMAN RESOURCES IS DEEPLY COMMITTED TO THE REAUTHORIZATION OF THIS ESSENTIAL BLOCK GRANT AND TO ITS CONTINUED LEVEL OF FUNDING OF AT LEAST THE FY 1986 APPROPRIATION.

IT IS A MAJOR GOAL OF THIS DEPARTMENT TO ASSIST AS MANY POOR FAMILIES AS ARE ABLE INTO SELF-SUFFICIENCY, THEREBY REDUCING THEIR NEED FOR LONG-TERM PUBLIC ASSISTANCE. THE CSBG IS CONSISTENT WITH OUR MISSION. IN THE STATE OF MARYLAND, THE CSBG PROVIDES THE CENTRAL ADMINISTRATIVE FUNDING FOR COMMUNITY ACTION AGENCIES(CAA'S), WHICH SEEK TO ALLEVIATE AND/OR AMELIORATE THE CAUSES AND CONDITIONS OF POVERTY BY IMPROVING THE STANDARD OF LIVING OF THE POOR WHILE ESTABLISHING OPPORTUNITIES FOR THEM TO GET OFF THE WELFARE ROLLS. THE CSBG PROVIDES THE FOUNDATION WHICH ALLOWS CAA'S TO MOBILIZE EXISTING RESOURCES THAT IDENTIFY, ASSESS THE NEEDS OF, AND COORDINATE RESOURCES TO LOW-INCOME HOUSEHOLDS OR COMMUNITY BETTERMENT GROUPS. THE FUNDS ALSO PROVIDE FOR,AND MAINTAIN,AN EFFICIENT CENTRALIZED MANAGEMENT SYSTEM WHICH PROVIDES FOR THE MANAGEMENT, FISCAL CONTROL, AND RESOURCE DEVELOPMENT OF NUMEROUS CAA OPERATED PROGRAMS, AT A MINIMAL COST.

FUNDS FROM THE CSBG ARE ALLOCATED TO 16 "ELIGIBLE ENTITIES" INCLUDING 12 COMMUNITY ACTION AGENCIES THROUGHOUT THE STATE. THE CAA'S FUNCTION IN 16 SUBDIVISIONS COMPRISING ABOUT 90% OF THE BELOW POVERTY POPULATION (364,078 ACCORDING TO THE 1980 CENSUS). THESE

AGENCIES PRESENTLY ADMINISTER MORE THAN $68 MILLION IN PROGRAM FUNDS AND IN-KIND CONTRIBUTIONS FROM 75 DIFFERENT FEDERAL, STATE, LOCAL, AND PRIVATE SOURCES.

COMMUNITY ACTION AGENCIES IN MARYLAND USE THE CSBG FUNDS FOR PROGRAMS WHICH INCLUDE HEAD START, LOW-INCOME HOME ENERGY ASSISTANCE, LOW-INCOME WEATHERIZATION, EMERGENCY ASSISTANCE, JOB COUNSELING AND DEVELOPMENT, HOUSING COUNSELING, SERVICES TO YOUTH AND THE ELDERLY, NEIGHBORHOOD AND COMMUNITY OUTREACH AS WELL AS A NUMBER OF OTHER IMPORTANT PROGRAMS. IN EACH SUBDIVISION, FUNDS ARE TARGETED FOR SPECIFIC PROJECTS BASED ON LOCALLY IDENTIFIED NEEDS OF THE POOR.

ELIMINATION OF THE $4.8 MILLION MARYLAND RECEIVES IN CSBG FUNDING WOULD HAVE A DRASTIC IMPACT ON COMMUNITY ACTION AGENCIES AND THEIR ABILITY TO SERVE THE POOR. BY ELIMINATING FUNDING FOR THE PROGRAM, MARYLAND WOULD BE FORCED TO CLOSE SIX OF THE TWELVE AGENCIES AND WOULD HAVE TO SEVERELY CURTAIL THE PROVISION OF PROGRAMS IN THE REMAINING AGENCIES.

CUTTING PROGRAM FUNDS WILL ADVERSELY AFFECT PEOPLE THROUGHOUT THE STATE IN TWO DISTINCT WAYS: FIRST, WITHOUT CSBG AS A SUPPORTING BASE, AND HAVING LITTLE OR NO OTHER ADMINISTRATIVE SUPPORT, SOME LOCAL AGENCIES WOULD HAVE TO CLOSE THEIR OPERATION ALTOGETHER RESULTING IN A LOSS OF SERVICES. WHILE SOME OF THE MAJOR PROGRAMS SUCH AS HEAD START SPONSORSHIP MAY BE PICKED UP BY OTHER AGENCIES, MANY OF THE PROGRAMS THAT WERE INITIATED IN RESPONSE TO LOCAL NEED WILL PROBABLY BE ELIMINATED. PROGRAMS FOCUSING ON EMERGENCY FOOD, SHELTER, EVICTION PREVENTION, HOUSING COUNSELING, HOUSING DEVELOPMENT, TRANSPORTATION, AND EMPLOYMENT RELATED PROGRAMS WOULD NO LONGER EXIST.

SPECIFIC PROGRAMS THAT MAY HAVE TO BE TERMINATED WITHOUT CSBG FUNDING INCLUDE:

- A DAY CARE CENTER IN PRINCE GEORGE'S COUNTY
- A HOUSING COUNSELING PROGRAM FOR LOW-INCOME FAMILIES IN GARRETT COUNTY
- THE MARYLAND RURAL DEVELOPMENT CORPORATION
- A HEAD START CENTER IN CAROLINE COUNTY
- A MEDICAL TRANSPORTATION PROGRAM SERVING CAROLINE, KENT, QUEEN ANNES, AND TALBOT COUNTIES
- CAA OPERATED TRANSPORTATION FOR MEDICAID ASSISTANCE
- A SELF HELP LOW-INCOME HOUSING PROGRAM IN RURAL SOUTHERN MARYLAND
- THE MARYLAND FOOD COMMITTEE WHICH ORGANIZES FOOD BANKS AND SURPLUS COMMODITY DISTRIBUTION THROUGHOUT THE STATE
- A MEALS ON WHEELS PROGRAM OPERATED BY A CAA ON THE EASTERN SHORE

A SECOND WAY IN WHICH PEOPLE WILL BE AFFECTED IS THAT WITHOUT THE NECESSARY CAPACITY NEW SERVICE NEEDS WILL GO UNMET. IN THE PAST YEAR, CSBG FUNDED AGENCIES HAVE DEVELOPED OR EXPANDED PROGRAMS PROVIDING HOUSING, TRANSPORATION, SERVICES FOR FAMILY SELF-SUFFICIENCY, EARLY CHILDHOOD EDUCATION (HEAD START), AND SHELTER FOR THE HOMELESS. CAA'S RESPOND TO NEEDS IDENTIFIED IN THE COMMUNITY BY INITIATING ACTIONS TO PRODUCE PROGRAMS AND SERVICES THAT WILL MEET THOSE NEEDS. THIS KIND OF ACTIVITY WILL SUFFER OR CEASE TO EXIST LEAVING MANY POTENTIAL CLIENTS WITHOUT THE OPPORTUNITY TO IMPROVE THEIR EXISTENCE.

CSBG FUNDS PROVIDE ECONOMIC OPPORTUNITIES FOR INDIVIDUALS TO ESCAPE POVERTY. IN MANY AREAS, CAA'S, THROUGH CSBG FUNDING, HAVE BECOME THE LIFE LINE FOR LOW-INCOME HOUSEHOLDS BECAUSE OF THEIR CAPACITY TO PROVIDE IMMEDIATE COMPREHENSIVE AND COORDINATED SERVICES. PEOPLE CAN BETTER COPE WITH THEIR CONDITIONS AND PROGRESS TO A HEALTHY LEVEL

OF SELF-DEPENDENCE WHEN THEY HAVE SYSTEMATIC SUPPORT TO HELP THEM MAXIMIZE THE USE OF COMMUNITY ACTION AGENCY PROVIDED RESOURCES FOR GAINING INDEPENDENCE AND RESISTING WELFARE DEPENDENCY.

I, THEREFORE, REQUEST YOUR SUPPORT FOR THE REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT -- A PROGRAM THAT OVER THE YEARS HAS MEANT SO MUCH TO SO MANY PEOPLE.

Prepared Statement of the Wisconsin Nutrition Project Inc.

As an agency that formerly received Community Food and Nutrition Project (CFNP) funds, I wanted to take this opportunity to comment on the proposed reauthorization of CFNP. Specifically, I want to comment on successful CFNP activities in Wisconsin that ceased when funding was terminated; and possible activities that could be conducted if reauthorization and funding were available.

As a CFNP grantee, the Wisconsin Nutrition Project (WNP) provided training and technical assistance on a wide variety of food and nutrition issues and activities to community organizations and low income groups, such as Community Action Agencies, welfare rights organizations, human service agencies and independent community-based non-profit groups. Trainings ranged from such "nuts and bolts" sessions as starting a community gardening program and establishing a food pantry; to developing leadership skills among low income participants that enabled them to be more effective organizers in their communities around nutrition issues. Other trainings provided updated information on changes in federal food program policies and regulations that provided community organization members with the necessary knowledge to be effective advocates for program participants. These trainings no longer exist. WNP has tried, in a very limited capacity, to continue providing technical assistance, but usually only when requested and paid for by a sponsoring agency. Most, if not all, low income groups can't afford to sponsor such trainings and many community organizations no longer have budgets that can accommodate these sessions.

As a result, the current knowledge about food programs among community organizations has diminished considerably, limiting their ability to effectively advocate for participants and/or make appropriate referrals to other resources. Lack of adequate technical assistance has affected the initiation of new programs that help foster self-sufficiency among low income people such as community gardens and food-buying cooperatives.

Technical assistance was also provided to groups who were interested in increasing food and nutritional health resources available to low income families such as establishing a School Breakfast Program or starting a Summer Food Program. For example, CFNP funds supported successful efforts to establish a School Breakfast Program in Milwaukee. The Program has now expanded to every school in the city ensuring that all low income children have access to a nutritious morning meal. Unfortunately, similar campaigns have not been pursued despite Wisconsin's very low participation rate and the demonstrated link between poor morning nutrition and failure to learn and concentrate in the late morning.

Community Food and Nutrition Project support was also invaluable in maintaining an active, statewide network of community advocates and food program participants who worked together on food and nutrition issues of mutual concern and statewide impact. For example, the network used to work on increasing food stamp participation, especially among segments of the low income community, such as the elderly, who underutilized the program. The network has become fragmented as funds have dwindled (or disappeared) to support activities that brought people together to develop the necessary strategies and actions. As well, funding to promote efforts that have a statewide impact are more difficult to obtain from local sources who want to see results only in their immediate communities.

I strongly believe there is still a need for the types of activities that could be supported by CFNP. In December, 1984, the Wisconsin Nutrition Project completed a year-long study, Hunger in Wisconsin, documenting the incidence of hunger in our state. The study surveyed food pantry operators, emergency meal providers, surplus commodity distributors, WIC nutrition educators and 2,200 low income people about their experiences, both professional and personal, dealing with hunger and inadequate diets. Several recommendations resulted from the report, many of which I feel would be appropriate CFNP activites.

The data from several WIC educators and low income families indicated that people with high nutritional needs were not always participating in the food stamp program although they were apparently eligible. A possible CFNP activity could be targeted outreach efforts to increase participation among two groups with these high needs, children and pregnant women. We have found, through some of our other research, that low income pregnant women seeking assistance often do not contact their local Social Services Department until their last trimester when they become eligible for AFDC. Often it is at this time that they also apply for food stamps and learn about their eligiblity for Medical Assistance (Medicaid). Unfortunately, at this late date in their pregnancy, they have not taken advantage of the nutritional benefits of the food stamp program nor the prenatal care provided by Medical Assistance. Early participation can have a positive, healthy effect on the baby's birth weight and subsequent nutritional health as well as the overall nutritional health of the mother. Increasing the participation in food stamps among children can only help to improve their nutritional health and well-being and prevent serious physical conditions requiring costly medical attention.

Community Food and Nutrition Project funds could also be used to promote nutrition education and screening for low income children and youth through Wisconsin's HMO Initiative. Our state has been active in utilizing Health

Maintenance Organizations (HMO's) to deliver Medical Assistance services to AFDC recipients. A major focus of HMO's is the promotion of preventive health measures and consumer health education. Screening children for nutritional deficiencies or potential problems, coupled with appropriate treatment, can prevent more serious and debilitating conditions from developing. Nutrition education, especially if it is targeted to the specific needs of low income families with limited budgets, can contribute to improved health for the entire family. While the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program provides some of these services, it is limited in its scope and availability to all family members. As well, there is a need to more aggressively promote the EPSDT Program among health care providers as only 9% of those eligible for the service receive it in Wisconsin.

Another issue that arose during the data analysis on our Hunger in Wisconsin study was the lack of knowledge about other food and assistance resources among emergency food providers, especially food pantry operators. Unaware of available services in their communities, pantry workers did not make referrals to agencies or resources that could have assisted their clients with non emergency needs. For example, pregnant women seeking emergency food weren't directed to the WIC office or told they might be eligible for prenatal care coverage. Unemployed families (a growing user group of food pantries) may not be aware that their children are now eligible to receive their school lunches for free or at a reduced price. The same family might also be able to benefit from the Expanded Food and Nutrition Education Program (EFNEP) who provide such services as budget counseling in addition to nutrition education to low income families. A possible CFNP activity could be to provide training and technical assistance to food pantry workers on resources available in their communities and basic eligibility requirements, to enable them to make appropriate referrals to needed services. Since social service outreach activities are very limited these days, utilizing food pantry networks is an excellent opportunity to reach a poor population that is often difficult to identify and assist.

I hope these comments will be helpful during your deliberations on reauthorizing the Community Food and Nutrition Program. In the past, CFNP provided valuable food and nutrition services for Wisconsin's less fortunate citizens and I believe it has the potential to support activities that will enhance the nutritional health and well-being of low income families. I hope you will act favorably to reauthorize CFNP. I thank you for this opportunity to comment.

PREPARED STATEMENT OF EDWARD M. COONEY, ACTING EXECUTIVE DIRECTOR, FOOD RESEARCH AND ACTION CENTER

Mr. Chairman. Thank you for the opportunity of presenting this testimony on behalf of the Food Research and Action Center, a public interest nutrition advocacy group, Bread for the World, a Christian citizen movement and the National Anti-Hunger Coalition, a group of low income participants and their allies in the fight against hunger.

I. Introduction

There have been several reports recently highlighting a dramatic increase in the number of children living in poverty. In our report which analyzed the Census Bureau data on the 1984 poverty rate, FRAC noted that the United States remains the only industrialized nation in the world where children make up the largest segment of the poverty population, comprising 22% of the poverty population. The gap between the number of children living in poverty and the rest of the population has increased for the 10th consecutive year. Children are the largest group of poor Americans; they are victims of an economic generation gap that threatens our ability to substantially reduce the level of poverty for a new class of poor. As Senator Moynihan (D-NY) pointed out in the interview with the NY Times, "the U.S. today may be the first society in history where children are worse off then adults. (N.Y. Times 10-20-85, p.1). These reports suggest an equally sinister national trend...growing reports of hungry children. As Chairman Kildee knows, there is a direct link between poverty and hunger. The poverty line itself is based upon a family's inability to purchase even a minimally adequate diet.

In Bitter Harvest II, a status report on the need for emergency food assistance in America, conducted by the Food Research and Action Center, we found that there was an average increase of 17 % between 1984 and 1985 in the average monthly number of households served by emergency food providers who responded to our survey. It is important to note that 69% of the respondents stated that 50% or more of their caseload is made up of families with children. In their 1985 Hunger Watch report, Bread for the World collected data from 36 states and local areas. A specific finding of the report was that emergency food programs were serving a much younger, transient population and more families with children than previously

It is now time to stop and inquire what is being done to help poor and hungry children in America. We have several highly successful child nutrition programs. But are they reaching those

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[1] U.S. Department of Commerce, Bureau of Census. Money Income and Poverty Status of Families and Persons in the United States: 1984-August 1985 see also Committee on Ways amd Means, U.S. House of Representatives, Children in Poverty, (May 1985).

in need. Are there unserved or underserved areas. Bread for the World's Hunger Watch 85 found an average unmet need of 41% in the Food Stamp Program whose caseload of 10 million children makes it the nation's largest child nutrition program. Currently 23 million children in 90,000 schools participate in the National School Lunch Program while only 3 million children in 30,000 schools participate in the School Breakfast Program. 50% of school lunch participants or 11.5 million children/receive a free or reduced-price lunch while close to 90% of school breakfast participants receive a free or reduced price breakfast. Only 3.3 million woman, infants, and children out of a potentially eligible caseload of 9 million participate in the Special Supplemental Food Program for Women, Infants and Children. Less than 2 million of the 11.5 million needy children who participate in School lunch -----participate in the Summer Food Service Program, which is designed to complement the school lunch program during the summer. Of the 5 million children in America who receive child care in a family day care home, less than 400,000 participate in the family day care portion of the Child Care Food Program. Has Congress acted to meet the need?

This committee did enact legislation designed to address the issues of poverty, health and nutrition among the nation's children. Two years ago the Community Food and Nutrition Program (CFNP) was reestablished to provide grants to public and private non-profit agencies for community-based, local and statewide programs---

> (1) to identify food and nutritional needs of low--income populations, especially high-risk infants and children;
>
> (2) to assist low-income communities to identify potential sponsors of children nutrition programs and to initiate new programs in underserved or unserved areas;
>
> (3) to coordinate existing private and public food assistance resource to better serve low-income populations; and
>
> (4) to increase public awareness of hunger and develop strategies to minimize dependence on emergency food assistance.

But Congress did not appropriate any funding for CFNP. Why not?! Wendell E. Primus, a staff economist for the House Ways and Means Committee, may have touched upon a delicate truth when he stated in an October interview that: "This city [Washington, D.C.] for all its faults reflects the American electorate...and the American electorate is not aware of child poverty and unwilling to spend money on it. Until that pendulum swings back, there will be no great domestic movement for change. (NY Times, 10-20-85, p.56). Mr. Chairman, we believe that it is now time to act -- to acknowledge that the pendulum of public opinion has changed and to begin to address the needs of poor and hungry children.

We recommend that this subcommittee reauthorize the Community Food and Nutrition Program through FY1990 at a $5 million level.

We also believe that the name of the Program should be changed to more accurately reflect the different kinds of services that are being provided in the 1980's which are outlined in the following sections. In light of these new activities, which have a focus on nutrition, children, information exchange and education, we would recommend that the name of the Community Food and Nutrition Program be changed to the Special Nutrition Activities for Children (SNAC) Program.

II. What Would Be Potential CFNP or SNAC Projects?

With a particular focus on the nutrition programs at all levels which benefit children, activities could include:

(a) School Breakfast expansion campaigns

(b) Monitoring of state activities for Child Nutrition Programs for targeting of underserved areas.

(c) Expansion of WIC caseloads to allowable levels.

(d) Establishing low-income parent advisory councils for child nutrition programs.

(e) Expansion of sponsors in Summer Food.

(f) Broader meal service coverage within the Child Care Food Program, and general access, public education, and media work on hunger issues.

(g) Activities involving the private sector and volunteers designed to promote self sufficiency projects like community gardeners and food cooperatives.

Specific Anti-Hunger Activities In Selected States

In Michigan, the Michigan Coalition on Food and Nutrition is no longer in existence because of the cut-off of CFNP funds in

1981. The Southeastern Michigan Food Coalition (SEMCO) and Michigan Legal Services are capable of providing such CFNP services as:

- working with State Departments of Health, Education and Social Services and local community action agencies, parents, and other community-based groups in preparing and monitoring the implementation of voluntary state plans of operation which provide for the maximum utilization of nutrition programs for children.
- providing training and technical assistance on the Summer Food Service program for Children which used to be available to local community action agencies.
- assisting in computer analysis of the increased needs of emergency food providers in recent years.
- working with parents and school food authorities to improve the quality of school nutrition programs.

In Ohio, the Ohio State Legal Services Association/Food Action and Community Education Project is now defunct because of the cessation of CFNP Dollars. The Ohic Hunger Task Force, however, is in existence and willing to take on desperately needed statewide activities, if necessary funding was available. Those activities would include:

1) Expansion of the After School Meals Program within the certain Counties including the huge growth in child care in Ohio due to increased numbersof women in the work force. Force would target new counties in which expansion of the meals program would be critical and also target existing service areas for the establishment of additional sites for meal service. This would include initial site visits, establishing local advisory boards, and public education and media campaigns.

2) In the area of School Breakfast, there are two areas for anti-hunger activities. First, Ohio has a statewide breakfast mandate which

many schools are not honoring due to lack of proper outreach and materials to school districts. The Hunger Task Force would undertake a Breakfast outreach campaign to increase the enrollment of both schools and children. Secondly, although forbidden by federal law, overt identification of poor children in School Lunch and Breakfast is still a problem in some rural Ohio Counties. A public education campaign on proper procedures would insure that participation of poor children in these programs is not impeded.

In Kentucky, the Kentucky Hunger Task Force on Hunger is in precipitous funding circumstances. Previously one of the strongest CFNP grantees, they are an example of how the elimination of CFNP dollars caused a commensurate drop in service quality and coverage in some of the federal food assistance programs. The Kentucky Task Force on Hunger would focus on three specific activities:

1) Increasing school breakfast participation particularly in Jefferson County, rural Letcher and Flod Counties both by increasing participation in schools with existing Breakfast programs and targeting more schools for program implementation. This would be done through material development and outreach to schools and parents.

2) Monitoring caseload expansion statewide in the WIC Program with a particular focus on two rural counties that currently served far fewer participants than their allowable caseload, Perry and Hopkins Counties.

3) Providing training to emergency food providers on the availability of federal food and nutrition progress so that they will be able to assist clients on short term and longer term solutions to hunger problems.

The focus in Connecticut would be on School Breakfast expansion. Connecticut ranks 46th nationally in the proportion of schools in the National School Lunch Program which also serve School Breakfasts. Only 7% of the schools with Lunch programs also serve Breakfast. Groups like the Connecticut Association for Human Services and Christian Community Action Agency would work to influence State Plans for Child Nutrition Programs to include Breakfast outreach and expansion as a priority, would develop promotional materials targeted to school districts, and would seek individual plans by school district to implement School Breakfast. There currently is pending legislation to use

State funds to expand School breakfast which complements this committees bill...H.R.7. Also in Connecticut, there is a great need to expand day care services and thus the Child Care Food Program. The number of mothers with children under 6 in the work force has increased by 54% in the last ten years. Other anti-hunger activities in Connecticut would be geared to bringing schools back into the School Lunch Program which were forced out by the cuts in meal reimbursements in OBRA in 1981. An estimated 24% fewer children receive lunch benefits than in 1984.

Previously in Connecticut there was a CFNP-funded program, Project F.E.A.D., which monitored the child nutrition programs and Food Stamp Program and which provided community training, low-income involvement in the budget cuts in food assistance programs and the demise of such a strong organization have caused even further erosion of service and benefits for Connecticut's poor population.

In Iowa, the original CFNP grantee, the Welfare Answering Service is still in existence and still providing valuable services although not as extensive as in the past. If CFNP funds were available, this group could work with federal, state and county agencies in removing rural barriers to participation in such diverse nutrition programs such as school breakfast, summer food and food stamps. Emergency food providers, farm groups and the staffs of various community action agencies have a desire for more information and training on federal nutrition programs.

In Wisconsin, the Wisconsin Child Nutrition Project was a CFNP grantee and if new funding were available it would increase its activities relating to improving the nutrition and health status of low income mothers and children. The project staff would look at:

- identifying gaps in service in existing nutrition and health programs
- increasing utilization of the Early and Periodic Screening, Diagnosis and Training Program (EPSDT) and the Expanded Food and Nutrition Education Program (EFNEP)
- Monitoring the participation of the WIC program and Wisconsin's new legislation providing WIC supplemental benefits
- Working with health and nutrition groups to increase the awareness level at Health Maintenance Organizations of the need for a "preventative nutrition and health focus"

In California, the CFNP grantee was the California Rural Legal Assistance Program. If CFNP funds are restored, the Northern California Hunger Action Coalition would be able to conduct such projects as":

- o development of a resource directory for nutrition, health and welfare programs for low income participants
- o Hunger and nutrition studies in selected counties
- o assisting the Ad Council Campaign on outreach for the Food Stamp Program

In Pennsylvania, the Pennsylvania Coalition on Food and Nutrition was a CFNP grantee and would like to expand its services to needy children in Pennsylvania and assist in providing long term solutions to the problem of hunger through:

- o establishing community garden projects and providing technical assistance to local and regional food banks and other self-sufficiency approaches such as establishing low income consumer food co-ops.

Our final recommendation is that in light of the small authorization level, we recommend that priority in funding should be given to statewide grantees with expertise in food and nutrition programs.

We also share the view of the entire nutrition community that the Community Services Block Grant be reauthorized and expanded.

Thank you

PREPARED STATEMENT OF THE NATIONAL COMMUNITY ACTION FOUNDATION

The National Community Action Foundation conducted a telephone survey this month of the State Offices that administer the Community Services Block Grant at the state level. The purpose of the survey was to determine what would be the impact of the termination of the Community Services Block Grant in each state.

One of the questions asked was: If the Community Services Block Grant is terminated which programs in your state would be terminated and which would be severely curtailed? We currently have responses on this question from 36 states; we anticipate other states are still compiling their data.

On the following page is a listing of the most frequently mentioned programs. In addition to these major programs or categories, an array of innovative local programs were mentioned that do not properly fit into any of these areas so they have not been included. For instance, a number of energy conservation-related programs that are neither LIHEAP or Weatherization, and programs geared to working with families to achieve self-sufficiency.

In general, States indicated that the populations that would be hardest hit if CSBG is eliminated are the rural poor and the elderly.

Programs	Number of States Reporting Termination or Severe Cut-backs without CSBG
Commodity Food Distribution	(Most would be terminated. Many states report no capacity to provide this program without CSBG and/or CAPs) 19
Other Food Programs Food Pantries, Garden and Greenhouse Projects, Elderly Feeding Programs, Meals On Wheels, WIC and others	(Most would be terminated) 28
Transportation Programs Often these are rural transportation systems in areas where there are no other transportation services	(Most would be terminated) 17
Housing Services	(Most terminated) 23
Employment Programs	(Most terminated) 20
Education Programs	(Most terminated) 10
Health Care Programs Includes Alcohol and Drug Abuse Programs	(Most terminated) 12
Emergency and Natural Disaster Assistance Several states report that they either have no other funding than CSBG and/or no other agencies other than CAAs to take over emergency and natural disaster assistance	(Most terminated) 12
Economic Development	(Most terminated) 10
Outreach Services	(Most terminated) 10
Consumer Education	(Most terminated) 7
Head Start	(Some terminated, 12 most severely cut back)
LIHEAP	(Most severely cutback) 17
Weatherization	(Some terminated, 22 most severely cutback

Mechanisms To Assure No Duplication Of SSBG And CSBG

General

- In each state, priorities for use of the Social Services Block Grant are established based on the most urgent needs for the use of SSBG funds. These priorities take into consideration the functioning of other relevant programs in the state.
- Community Action Agencies each conduct annual local needs assessments to establish their priorities for the year. If needs are already being met by other programs then they don't show up in the needs assessment.
- Also, local public officials, often the welfare director, sit on CAA boards.

In addition, states have established a variety of mechanisms to assure that CSBG programs do not unecessarily duplicate any other programs in the community.

In every state in the union, law or regulation and practice assure that there is no duplication of effort.

Mechanisms include:

Virginia: One of the criteria applied in renewing a proposal for funding is that it does not duplicate other efforts. In Virginia, the CSBG is administered by the Department of Social Services, the same department that administers the Social Services Block Grant.

Wisconsin: The state plan for use of the Community Services Block Grant funds is developed with the advice of an advisory committee composed of representatives of county governments, citizen and provider groups, Indian and Migrant organizations, the State legislature and low income people. In FY 1985, the state held 7 public hearings in which the public participated and considered written and telephone communications before finalizing the CSBG plan.

Indiana: Indiana state law IC 12-1, dealing with the Community Services Block Grant, requires CAAs to coordinate services with other community agencies and officials and to direct their own programs at filling gaps in the services provided by other programs for the low income. (See legislative language attached).

INDIANA IC 12-1 Chapter 21

Sec. 6. Each community action agency shall consult neighborhood based organizations composed of residents of the area served or members of the groups served to assist the agency in the planning, conduct, and evaluation of components of the community action program.

Sec. 7. A community action agency shall:

(1) plan systematically for an effective community action program, develop information as to the problems and causes of poverty in the community, and determine the amount and effectiveness of the assistance being provided to deal with those problems and causes.

(2) establish priorities among projects, activities, and areas as needed for the best and most efficient use of resources;

(3) encourage agencies engaged in activities related to the community action program to plan for, secure, and administer available assistance on a common or cooperative basis, and provide planning or technical assistance to those agencies;

(4) in cooperation with community agencies and officials, undertake actions to improve existing efforts to reduce poverty, such as:

(A) improving day-to-day communications;

(B) closing service gaps;

(C) focusing resources on the most needy; and

(D) providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible;

(5) initiate the sponsor projects responsive to needs of the poor that are not otherwise being met, with particular emphasis on:

(A) providing central or common services that can be drawn upon by a variety of related programs;

(B) developing new approaches or new types of services that can be incorporated into other programs; and

(C) filling gaps pending the expansion or modification of those programs;

(6) establish effective procedures to enable the poor and area residents concerned to influence the character of programs affecting their interests, provide for their regular participation in the implementation of those programs, and provide technical and other support needed to enable the poor and neighborhood groups to secure available assistance from public and private sources; and

Don Sykes
Executive Director
Community Relations Social Development Commission
Milwaukee, Wisconsin

For the House Committee on Education and Labor

Addition to testimony on behalf of reauthorization of the Community Services Block Grant.

February 6, 1986

I believe it is important to clarify a factual error in the testimony of Jerrold Speers given before the Subcommittee on February 6th. I mentioned that Mr. Spears misspoke in my oral presentation but the error is potentially so damaging that I want to again point it out and correct it.

Mr. Spears, in his written testimony, says that, "A GAO report on the Community Services Block Grant issued in August, 1984 states that at least three states* used 100% of their CSBG funds to pay for the administrative costs of other programs."

The GAO report actually reads as follows (see attachment) "Twenty-seven providers reported using CSBG funds to pay administrative costs of other programs with the amount varying from 2 percent at one provider to 100 percent in three locations*."

GAO visited 47 Community Service Block Grant service providers including limited purpose agencies (LPAs), migrant and seasonal farm worker organizations, training grantees and Community Action Agencies. The report does not identify the three agencies that in FY 1984 said they utilized 100 percent of CSBG for the administration of the other programs, what type they are, or how long they have been in existence.

When CAAs -- and, I'm certain, all other CSBG service providers -- report that all or almost all of their CSBG allotment is utilized for administrative purposes, then it signifies one of three conditions.

1. The CSBG allotment is very small. The State of Colorado has funded counties for as little as $3,000 worth of CSBG based on their proportion of the poverty population and funds available. It would be interesting to know how much CSBG funding the three agencies in the GAO report received.

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* Underlining added

2. States have created new Community Action Agencies that are just getting off the ground and CSBG is used for organizational and planning purposes. We don't know how long the three agencies had been in business.

3. The Community Action Agency is reporting the support of neighborhood centers and outreach workers as an administrative expense. This is true in the instance of two CAAs cited in the GAO report. Most CAAs allocate them to program costs which is where they more correctly should be.

CAAs do not use 100 percent or even "most" of their CSBG funding for administration unless one of these conditions is present. More than two-thirds of the CSBG funds that are received by CAAs are spent on direct program services to the poor.

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Community Services Block Grant: New State Role Brings Program And Administrative Changes

In 1981, the community services block grant replaced eight federal categorical programs and gave states primary administrative responsibility. States' authority was greatly expanded over their limited involvement in the prior program, and federal funds accompanying block grant implementation were substantially below the categorical levels. The 13 states GAO visited generally did not use their own funds to offset reduced federal support during 1982 and 1983, but 9 did institute new poverty-based formulas for distributing funds to grantees.

Community action agencies remained the predominant local service providers, but 91 percent of these agencies in the 13 states received less funds in 1983 than in 1981, with most experiencing reductions of 25 to 50 percent. The 47 local organizations GAO visited reported a wide variety of changes. Many had developed alternative funding sources and increased the use of volunteers to adjust for reduced funds, and most reported changes in staffing levels, services provided, and service delivery methods.

While local organizations remained the principal decision makers concerning service priorities and delivery, states began to assert their management prerogatives. Although different approaches were used, all 13 states had developed or planned to devise new administrative procedures and all had offered multiple opportunities for public input into decision making. Overall, state officials were pleased with the block grant, while most interest groups preferred the prior approach. Many interest groups were concerned about state funding decisions and the impact of the block grant on the groups and individuals they represented.

UNITED STATES GENERAL ACCOUNTING OFFICE

GAO/HRD-84-76
SEPTEMBER 28, 1984

frequently influencing their operations, with changes in the Department of Labor's Comprehensive Employment and Training Act (CETA) program heading the list. Modifications of other federal programs, such as the replacement of federal energy programs by the low-income home energy assistance block grant, prompted adjustments.

Forty percent of the service providers' reported operational changes were caused by changing client needs. Typically, providers said that changing local economic conditions, especially rising unemployment, created an increased demand for food and other short-term emergency services, as opposed to services designed to address the causes of long-term poverty.

Moreover, the direct link between CSBG and providers' services and clients is obscured in many locations because block grant funds are used to pay the costs of administering other federal or local programs. Twenty-seven providers reported using CSBG funds to pay administrative costs of other programs, with the amount used varying from 2 percent at one provider to 100 percent in three locations. Fifteen used at least 25 percent of their funds to administer other programs, such as Head Start and the Emergency Food Assistance program. For example, Self Help, Inc., in Brockton, Massachusetts, said about 80 percent of its CSBG funds were used to administer other programs and, as a result, funding changes could not be translated into service changes. Officials from West Central Development Corporation, in Harlan, Iowa, which used almost all its CSBG funds to support other federal programs, said service changes between 1981 and 1983 were not related to CSBG implementation.

Admin cost

EXAMPLES OF VARIATIONS IN SERVICE PROVIDERS' OPERATIONS

Because each service provider was unique and operated in a complex environment, providers reported widely varying changes in their operations since the creation of the block grant. The following examples illustrate the differences in providers' situations and the ranges in programmatic changes as well as various interrelated factors that influence service providers' operations. Funding changes are based on information obtained from the providers.

Detroit service provider's operations affected by funding changes and economic conditions

Detroit's Neighborhood Services Department, a public CAA, experienced about a 37-percent reduction in federal community services funds between 1981 and 1983, from $8.5 million to

Prepared Statement of Hon. Mickey Leland, a Representative From the State of Texas

Mr. Chairman. I appreciate having the opportunity to present this statement outlining my support for reauthorizing the Community Services Block Grant. This particular block grant comprises many programs which offer low-income individuals assistance in improving their standard of living. As Chairman of the House Select Committee on Hunger, I have grown familiar with the many problems we must address in our quest to alleviate poverty and hunger in this country. Through the Select Committee's hearings and research I have become reenlightened about the need to expand the horizon of support for the poor to include not only direct assistance in the form of benefits, but assistance which offers these individuals the opportunity to help themselves. These opportunities are made possible through many of the programs and services within the Community Services Block Grant.

Given the opportunity to address these services, I would like to focus my remarks on the need for maintaining the Community Food and Nutrition Program (CFNP), a Community Services Block Grant component authorized under the Secretary's Discretionary Fund. Under CFNP communities throughout the country have received support in sponsoring a variety of public education, access, planning and direct delivery approaches to nutrition assistance for low-income Americans.

Through my involvement with community-based service organizations and my experience as Chairman of the House Select Committee on Hunger, I have found this Program to be a vital link in channeling crucial nutrition assistance to low-income populations across the country. One of the most unique features about CFNP is the diversity in the types of projects eligible to receive support. In my own State of Texas, Community Action of Hayes, Caldwell and Blanco Counties, located in San Marcos, developed three anti-hunger coalitions (one in each county); established Food Stamp Program information and prescreening services; and increased the number of meals served through the Meal-on-Wheels Program to the homebound elderly. Combined Community Action, located in Smithville, sponsored consumer education clinics on food buying and established a community cannery to serve low-income families. In my own Congressional District, Houston Metropolitan Ministries developed services to assist low-income persons in their application for food assistance services and established a task force to educate the community on general hunger issues.

Mr. Chairman, in October 1985 the Select Committee on Hunger conducted a hearing on the economics of hunger among the rural women of Central Appalachia. We received testimony from witnesses who are participating in privately funded community-based programs which assist them in acquiring skills necessary for job placement, provide them with land to raise gardens so they can supplement their food supply, and provide nutrition and child care services for their young while they are enrolled in job training programs and while they seek work. Without such services, many of these women would be forced to depend on public support.

Projects like these are not unique to Appalachia. They are

OPERATIONAL THROUGHOUT THE COUNTRY PROVIDING VITAL IMMEDIATE SERVICES TO LOW-INCOME PEOPLE AND PROMOTING LONG-RANGE SERVICES WHICH WILL AID THEM IN HELPING THEMSELVES. PROGRAMS SUCH AS THESE WHICH MAKE THE CASE FOR THE CRITICAL NEEF FOR REAUTHORIZING THE COMMUNITY FOOD AND NUTRITION PROGRAM.

MR. CHAIRMAN, AS YOU AND THE MEMBERS OF THIS SUBCOMMITTEE PROCEED WITH YOUR HEARINGS AND AS YOU PREPARE TO CRAFT A BILL TO CONTINUE COMMUNITY SERVICE BLOCK GRANT COMPONENTS, I HOPE THAT YOU WILL GIVE STRONG CONSIDERATION TO MAINTAINING THE COMMUNITY FOOD AND NUTRITION PROGRAM.

Interfaith Action for Economic Justice

Statement of Interfaith Action for Economic Justice
on the Community Services Block Grant

submitted to

The Committee on Education and Labor
US House of Representatives

February 6, 1986

Interfaith Action is a coalition of 25 national Protestant, Roman Catholic, Jewish and ecumenical agencies that work together to achieve just and effective US food and agriculture, health and human services, development and economic policies. Interfaith Action speaks only for itself, but its views are consistent with the major public policy positions and recommendations of its member agencies.

The Community Action Program program was originally administered by the Office of Economic Opportunity (OEO), which in 1975 was renamed the Community Services Administration and reestablished as an independent Executive Branch agency. In 1981, the Community Services Administration was abolished, and the Community Action Program was replaced by the Community Services Block Grant (CSBG) under the administration of the Department of Health and Human Services (HHS). The Omnibus Reconciliation Act of 1981 reauthorized the Community Services Block Grant program through 1986.

The Community Services Block Grant program provides basic seed grants to Community Action Agencies (CAAs) to operate a wide variety of antipoverty programs. Under HHS regulations, CAAs may also receive grants from other federal, state, and local agencies for this purpose.

Through the years, CSBG funds have been used in diverse ways to meet the needs of low income people and assist them in climbing out of poverty. A review of the data suggests only a few of the ways that funds are used to meet the goals of the Community Service Block Grant Program:

Members of **Interfaith Action for Economic Justice** are the mission boards or program units of national religious agencies working together for just and effective US food and agriculture, health and human services, and development and economic policies.

American Baptist Churches, USA
American Lutheran Church
Baptist Joint Committee
  on Public Affairs
Bread for the World
Center of Concern
Christian Church (Disciples
  of Christ)
Christian Life Commission of
  the Southern Baptist Convention
Church of the Brethren
Episcopal Church
Friends Committee on National
  Legislation
Jesuit Social Ministries
Lutheran Church in America
Maryknoll Fathers and Brothers
Moravian Church in America
National Council of Churches
  of Christ, Church World Service
Network
Presbyterian Church (USA)
Progressive National Baptist
  Convention
Reformed Church in America
Union of American Hebrew
  Congregations
Unitarian Universalist Association
Unitarian Universalist Service
  Committee
United Church of Christ
United Methodist Church
World Hunger Education Service

Interfaith Action for Economic Justice, continuing the work of the Interreligious Taskforce on US Food Policy, speaks for itself and not its member agencies.

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updates)**

Employment: On-the job-training, job placement, counseling, development, and job banks; summer youth projects, employment services for senior citizens, work experience projects, planning and coordinating of community employment programs.

Education: Education counseling, support for Head Start programs, day care and child development programs, instruction, classes, workshops and tutoring, community forums on drug abuse, parenting and other issues.

Housing: Information and referral about community housing, homeownership counseling, landlord-tenant relations, default and displacement assistance, home maintenance counseling, residential rehabilitation, safety code assistance, shelters for the homeless, and weatherization.

Nutrition: Distribution of USDA surplus commodities, operation of food pantries, support of regional food banks, hot meals, garden projects, canneries and food processing, food baskets, and summer youth feeding programs.

Community Outreach: Comprehensive information and referral, coordination of community volunteers, health screening, alcoholism, drug abuse and mental health, medical and dental care in isolated areas, summer youth and recreational programs, comprehensive planning and coordination of community projects.

Studies funded by the Office of Economic Opportunity and the Community Services Administration show that community action programs have had a positive impact. CAAs have made a positive impact in reducing the incidence of poverty and have assisted persons in climbing out of poverty. Recent data are not available because the current legislation does not authorize an evaluation component.

Community action agencies operate in almost every congressional district, providing much-needed services. Most of the money spent goes for direct services as opposed to administrative costs. A survey by the National Community Action Foundation found that only about 20 percent of CSBG funds were used to subsidize the administrative costs of other programs. The remaining 80 percent was used for direct program services to low income people. The total budget from all sources for CAAs was $153 million. CSBG funds accounted for $3.5 million of this amount. Of the total budget, less than five percent was spent on administrative costs. Without the CSBG funds, additional money for administrative costs would have had to be taken from the programs themselves.

President Reagan's FY 87 budget proposes to terminate the community services block grant in 1987. The Administration has stated that community services activities can be financed, if they are desired, from the $2.7 billion Social Services Block Grant to states. However, that program would be funded at its present budget authority of $2.7 billion under the Reagan FY 87 budget request. The present budget authority does not reflect the impact of the new Balanced Budget Act.

Further, the Administration contends that other block grants duplicate the services rendered under the CSBG, suggesting that the Social Services Block Grant program provides the same services as the CSBG. However, according to a summary of pre-expenditure reports to HHS for FY 1984, virtually all states intended to use SSBG funds for home-based services and child care services. In the FY 87 budget, even the Administration gives examples of how states use Social Services Block Grant funds with such programs as day care, foster care, child protective services, preparation and delivery of meals, and legal services.

Repeal of the CSBG would pose a real threat to the continued existence of CAAs. During the last four-month budgetary delay in Michigan, one CAA closed, one set a closing date, and a large number sought bank loans to continue operations pending distribution of funds. According to a survey conducted by the National Community Action Foundation, several states have indicated that without CSBG funding a majority of existing CAAs would have to close their doors.

The Community Services Block Grant program is cost-effective and efficient. We encourage the Committee on Education and Labor to reject President's Reagan's proposal and instead fund the Community Services Block Grant program at its FY 86 level of $415 million.

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Maureen Dumas, NACAAB
Albany, NY

February 5, 1986

The Honorable Dale E. Kildee
Chairman
Subcommittee on Human Resources
402 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Kildee:

Please find enclosed a copy of "A Description of Community Action Agency Operations in Fiscal Year 1984," prepared by the National Community Action Agency Directors Association (NCAADA).

This report contains numerous examples of the innovative and creative approaches used by Community Action Agencies, supported in part on totally by Community Services Block Grant (CSBG) funds, to attack the causes of poverty. These examples are taken from responses to a survey conducted during 1985 by NCAADA, which is the professional organization of Community Action agencies.

The findings in this survey also allow us to describe in our report the type and range of programs that Community Action Agencies fund with the CSBG. Since Community Action Agencies most often use CSBG dollars as the foundation for practically all of the programs described in this report and as seed money for the development of new and innovative anti-poverty efforts, the effectiveness of these programs would be completely destroyed if Congress fails to reauthorize CSBG.

We respectfully request that our report be included in the written record of your Subcommittee hearings on CSBG. Thank you.

Sincerely yours,

Edward L. Block
Executive Director

ELB/fha

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A DESCRIPTION OF
COMMUNITY ACTION AGENCY OPERATION
IN FISCAL YEAR 1984

September 22, 1985

INTRODUCTION

Community Action Agencies (CAAs) are public-private partnerships, locally managed and controlled by volunteer boards of directors for the purpose of reducing poverty and promoting self-sufficiency of the poor. Since their founding under the Economic Opportunity Act of 1964, the nationwide network of more than 900 CAAs has become a real safety net for America's low-income population, and often is the chief link between the poor and other sectors of society.

The programs of Community Action Agencies around the country have been most effective in responding to the needs of low-income people and assisting them in realizing their full potential. The principal reason for this success has been the unique ability of CAAs to apply comprehensive solutions to the problems of poverty. Such an approach is inherent to CAAs because their primary mission is to coordinate and link public with private resources, and focus these resources on the specific poverty issues of their communities.

Community Action Agencies are essentially multi-program centers with outreach to and input from the communities they serve. Programs administered by CAAs include Headstart, Low Income Energy Assistance, Weatherization Assistance, the Job Training Partnership Act, local food banks, homeless shelters, and many more. Numerous examples of how CAAs are successfully operating these programs and eliminating the conditions of poverty will be cited in this report.

These examples are taken from responses to a survey conducted during 1985 by the National Community Action Agency Directors Association (NCAADA), which is the professional organization of CAAs. The findings in this survey also provide the basis for certain generalizations about the unique and valuable anti-poverty efforts made by CAAs in their communities.

1. CAAs focus their resources on moving people off the welfare roles and onto the payrolls by providing a hand up, not simply a hand out.
2. Local CAA boards of directors have wide discretion over how funds will be used, ensuring responsiveness to the needs of the poor.
3. CAAs are highly cost effective program delivery vehicles, operating at a level of administration cost generally well below the public sector and competitive with the private sector.
4. CAAs link the public sector with the private sector, including the mobilization of private sector resources and community volunteers.

The NCAADA survey further shows that with a Community Services Block Grant (CSBG) budget of $294,000, the average Community Action Agency is able to leverage more than $2.7 million; a ratio of $9.43 for every $1 of CSBG funding.

The average CAA has an administrative cost of 10.6 percent, raises over $587,000 per agency through local service contracts, private cash contributions, and in-kind donations, and recruits 6 volunteers for every paid staff person in the agency.

CAA PROGRAMS: THE REAL SAFETY NET

The nationwide network of Community Action Agencies represents an important and effective attack on poverty. Initiated under the Economic Opportunity Act of 1964, CAAs are charged with the responsibility "to ameliorate the causes of poverty and provide a range of activities which have a measurable and potentially major impact on the causes of poverty." Today approximately 900 locally-controlled agencies conduct anti-poverty programs in 93% of the counties of the United States, Puerto Rico, the Virgin Islands, and the U.S. Trust Territories. Community Action Agencies serve both the long-term and the temporary poor; those on welfare and the working poor; the low-income elderly, the handicapped, and children; the unemployed, refugees, the homeless; and any other population that meets the eligibility criteria of being under 125% of the official poverty line.

The philosophy of community action provides that, to be responsive to local needs, each agency must be as unique as the community it serves. In their diversity, however, CAAs share a fundamental goal--to enable self-sufficiency among the poor and to provide assistance to those who are at a disadvantage. To attain this goal CAAs receive core federal support. This support, the Community Services Block Grant (CSBG), is passed to the states who distribute it to the local CAAs. CAAs most often use these dollars as the foundation for all federal, state, and local programs which they operate and as seed money for the development of new and innovative anti-poverty efforts. The effectiveness of these programs lies in the creative and varied ways in which CAAs mobilize energies and resources in an assault on those principal ills which are poverty's root causes--hunger and malnutrition, lack of transportation, inadequate health care, poor housing, unemployment and lack of economic opportunity.

The following examples of the innovative and creative approaches used by these agencies to attack the causes of poverty provide an insight into the nature and characteristics of Community Action Agencies.

HUNGER AND MALNUTRITION

The problems of hunger and malnutrition in this country are often problems of distribution. Surplus food can be collected, preserved, stored, and put to use feeding otherwise hungry people. CAAs are, in many communities, the primary agents of food redistribution to meet basic nutritional needs.

Denver, CO - Denver Opportunity CAA collects food surpluses from Lowry Air Force Base and Fitzsimmons Medical Center; operates a Farmers Market twice weekly in four poor neighborhoods; and maintains a Food Preservation Center. One hundred fifty thousand pounds of foodstuffs, valued at $125,000, are received and distributed monthly by this CAA. This food reaches 60,000 families each year.

Beckley, WV - During 1984 the Raleigh County CAA served 3,720 low-income families with $33,752 worth of food, $20,613 in clothing, and $2,864 in household goods through its Hope Outreach Center. This CAA's garden programs reached 1,143 low-income families with seeds, plants, and garden supplies bringing a harvest of $72,099.

Decatur, AL - The Meals on Wheels program coordinated by the Community Action Agency of Morgan-Lawrence-Cullman Counties serves 392 elderly and handicapped citizens. Daily meals are delivered by 75 volunteers from program sites throughout the three county area.

LACK OF TRANSPORTATION

Without a local public transportation system, people who either cannot drive or cannot afford a car are isolated from social services, health care, and regular employment. Providing for transportation enables people to meet many of their own needs and directly promotes self-sufficiency.

Altus, OK - In the absence of public transportation of any sort, Southwest Community Action Group operates six vans that carry 17 passengers each and four buses that carry 21 passengers each. This CAA provides 60,000 rides annually to some 41,000 area residents.

Norwich, NY - Opportunities for Chenango CAA maintains a fleet of nine vehicles to offer over 41,000 rides to approximately 820 passengers annually. This program combines federal funds, local service contracts, and private donations to offer the only public transportation in this rural area.

Jasper, AL - For many of the poor in rural Walker County especially the elderly and the handicapped, the sole means of transportation was a costly taxicab. Now the Walker County CAA annually provides minimal fare transportation to medical facilities, social services, and employment for approximately 490 persons.

INADEQUATE HEALTH CARE

The rapidly increasing cost of health care can quickly exhaust the means of those with limited incomes who lack private health insurance and do not qualify for public benefits. To meet basic health needs, CAAs are providing necessary health services to low-income people.

Bellingham, WA - The Opportunity Council runs a medical and dental referral program to offer needed services and prescriptions to low-income people at a cost of $2.00 per visit. At present 120 doctors, dentists, optometrists, podiatrists, and pharmacists provide reduced cost services to an average of 150 people each month.

Hamilton, OH - A Community Health Center run by Butler County CAA provides low-cost, family health treatment for minor illnesses and other outpatient problems. The clinic's location in the heart of the low-income district makes it readily available to some 400 clients monthly who would otherwise receive no medical care.

Ashland, MS - Using federal and local monies Emergency Medical Technicians were trained so that United CAA can now offer ambulance service to 8,150 people who previously had none.

EMERGENCY SERVICES AND THE HOMELESS

Like ambulance service, other emergency and crisis intervention services are often unavailable in rural areas. Several states lack the General Emergency Fund typically used for disaster services. In most states the flexible CSBG monies are a primary source of funds for emergency services. States, then, use Community Action Agencies to meet unmet emergency needs and to initiate and sponsor emergency services. In urban areas CAAs are notably active in meeting the ongoing needs of the homeless.

Baltimore, MD - Urban Services of Baltimore City manages an emergency shelter project which opened in January 1985. During its first four months the project fed and sheltered 249 families and 462 individuals--a total of 1,108 people.

Trenton, MO - Utili-Share is a volunteer effort mounted by Green Hills Human Resources to raise funds to assist with utility crisis needs after other assistance is exhausted. This nine county program is designed to prevent homelessness for those who have depleted all other sources of assistance and would be compelled to move due to non-payment of utility bills. Last year this crisis fund prevented the eviction of 131 individuals.

Fairbury, NE - Panhandle Community Services has used community monies to purchase and furnish a youth shelter. The Runaway/Homeless Youth Shelter--the only rural shelter in Nebraska--is licensed to shelter six youths at a time. During its first year of operation this program assisted 28 American Indians, 3 Asians, 18 Hispanics, and 55 White runaway children ages 11-17.

Cranston, RI - Socially and physically isolated children and spouses are served by Cranston CAA's Comprehensive Emergency Services. Twenty-four hour emergency intake, emergency shelter, and crisis intervention counseling are provided to agency and self-referred families at risk for abuse. One hundred ten (110) families were assisted last year.

Dodgeville, WI - When a tornado devastated 80% of a nearby town, Southwestern Wisconsin Community Action took the lead in disaster relief efforts. This agency collected and distributed more than 10 tons of food and 15 tractor-trailer loads of clothing and furniture.

POOR HOUSING

Decent, affordable, and safe housing meets a basic need of families. A home buttresses all other efforts to attain self-sufficiency. To meet this primary need many CAAs undertake housing construction and development ventures, counsel on housing options, package loans, and encourage rehabilitation.

Utica, NY - The Urban Homestead project, operated by Utica Community Action, enabled 21 families to become first time homeowners. An Advocacy Board of lawyers, bankers, realtors, and community leaders cut red tape in securing mortgages and defraying closing costs. The City of Utica benefited as well when these rehabilitated and reoccupied homes were placed again on the tax rolls bolstering an eroding tax base.

Warrenton, VA - In Fauquier County the Community Action Committee formed a nonprofit subsidiary housing corporation. Fauquier Housing combined Farmer's Home Administration monies, county government loans, and foundation grants to finance land acquisition, property development, and home construction and rehabilitation. Over 74 housing units have been completed to meet low-income housing needs.

Hughesville, MD - The Diggs Circle subdivision is a low-cost development of 34 two and three bedroom townhouses. Twenty (20) of these are rental units. While the developer, Southern Maryland Tri-County Community Action, has been involved in housing for over ten years, Diggs Circle is its first investment in rental property and is an example of a locally-created rental assistance program.

Charleston, WV - Multi-County Community Action operates a "Home Repair Work Camp" in the Boone County area. During a two week period in 1984, a group of young volunteers repaired and rehabilitated the homes of 76 low-income families. At the same time the CAA generated $10,430 in local support for the purchase of home repair materials.

WEATHERIZATION AND ENERGY CONSERVATION

Community Action Agency weatherization efforts, targeted to low-income households, do more than save energy, they save money. Money saved in home heating costs can be used to meet other needs; the benefits of weatherization assistance are thereby multiplied.

> Hartford, CT - In advance of private sector initiatives, the Community Renewal Team has introduced "air sealing" technology to the Northwestern U.S. The program meshed state and local efforts, nonprofit and for-profit utility company funding, and directed these resources to energy conservation in 600 low-income homes.
>
> Opelouses, LA - The 5-man weatherization team of the St. Landry Parish CAA performs the standard weatherization repairs: replacing windows and outside doors, insulating attics, installing weatherstripping and caulking. By efficient use of funds and materials, this team stretches the agency weatherization dollars. In 1984 the contract called for completion of 65 homes; the team completed 86.

UNEMPLOYMENT

Steady and full employment is the foundation of self-sufficiency; programs that place people in jobs attack the root causes of dependency. Many CAAs apply federal monies to employment programs that build bridges between the job market and the unemployed.

> Washington, D.C. - The United Planning Organization together with the D.C. Bankers Association provided bank teller training and guaranteed job placement for 105 participants in 1984.
>
> Tacoma, WA - Metropolitan Development Council prepares women who are ex-offenders for job placement. This program has a 2% recidivism rate for participants in sharp contrast to the 90% rate in the community-at-large. In 1984, 64 graduates were placed in jobs such as hotel management, computer operation, welding, and cooking.

Columbus, GA - Training and placement in home health care jobs for unskilled, low-income individuals is the objective of a project developed by the Enrichment Services Program. Sixty graduates of this course were placed in private duty jobs and in jobs at nursing homes and hospitals.

Roseburg, OR - During the past ten years over 1,000 disadvantaged women have completed the Confidence Clinic, an employment program for women without high school diplomas or marketable skills. Umpqua Community Action Network sponsors the 12 weekly sessions which offer GED courses, personal development, and extensive peer counseling. Follow-up statistics show that 78% of graduates are either employed and no longer on public assistance or are receiving only partial assistance and have entered a training program.

LACK OF ECONOMIC OPPORTUNITY

A region's unemployment problem is often due to a lack of jobs rather than a lack of skills on the part of the unemployed. Community Action Agencies are the primary initiators of ventures that create businesses and jobs. Some CAAs have formed for-profit subsidiary corporations that train people, employ people, develop businesses, and bring about economic recovery.

Sisseton, SD - The Northeast South Dakota Community Action Program (NESDCAP) developed a livestock cooperative. This member-owned service organization manages loans and loan guarantees for livestock purchase for over 300 members through 30 area banks. Also NESDCAP recently sold, for a profit, the Window Factory, a manufacturing enterprise which makes storm windows. This CAA-incubated business is but one of NESDCAP's thirty-three business ventures which supply full or part-time employment for more than 132 persons.

Ann Arbor, MI - Over the past two-years Washtenaw County Community Services has nurtured public/private partnerships. The result is a new shopping center for a low-income neighborhood in Ypsilanti. Another business venture, Community Stripping, a shop which removes paint, grease, and rust from industrial parts, currently employs eight formerly long-term unemployed people. An expansion of the business will double this figure by early next year.

Lincoln, IL - Cottage Industries, a subsidiary of Central Illinois Economic Development Corporation, has trained and employed approximately 55 low-income individuals; a third of these have gone on to jobs in the private sector.

Ireland, IN - TRI-CAP, Inc. uses volunteers and donated space to operate an aluminum recycling center. In 1984 this conservation project added $57,391 to the local economy.

CAAs: THE AGENCIES THEMSELVES

Community Action Agencies were created as locally controlled, federally-funded, public or private non-profit organizations administered with "maximum feasible participation" of the poor.

This maximum feasible participation, an essential element of community action, begins with the tripartite agency board. This tripartite structure results in a board composed of one-third low-income residents or their representatives, one-third local public officials or their designees, and a final third made up of members of the private sector (business, industry, labor, religion, welfare, education, and other major groups). The CAA board is an integration of community groups, including the poor, to mobilize, coordinate, and focus resources on the local poverty problems.

The 1985 survey of CAAs by NCAADA offers an up-to-date picture of the agencies. Community Action Agencies typically have several program sites or outreach offices located in neighborhoods close to the people they serve. CAAs reported an average of 10 agency locations including the main office and satellite offices. The location of the CAA offices is determined by variables such as the nature of the region it serves, the poverty population, and local needs and problems.

The average CAA employs 123 full and part-time persons, but the agencies range in size from small rural CAAs that employ 10 or less to large city CAAs which employ 500 or more.

Employment in CAAs has provided a career development mechanism that has taken many low-income people out of poverty. Traditionally CAAs employ poor and unskilled community residents. During the past 20 years many people have been given the opportunity to move up career ladders into more specialized jobs within the CAA and in the community at large. Anecdotal evidence indicates that, through on the job training and opportunities provided by CAA employment, many poor people, particularly minorities and female heads of households, have become self-sufficient. A number of CAA employees have gone on to leadership positions at the local, state, and national levels.

The average salary reported by CAAs is $9,398. This average reflects the part-time and temporary employment of some CAA staff. Nevertheless CAAs characteristically and historically pay low salaries. Until 1982 federal regulations capped CAA salaries at $18,000.

The average CAA payroll is $1,156,000. This more than one million dollars in salaries is an economic asset to local economies, particularly in depressed and underdeveloped regions.

THE COMMUNITY SERVICES BLOCK GRANT

Community Action Agencies are the principal recipients of the Community Services Block Grant (CSBG). In 1985 they received 92% of the CSBG allotment that passed to the states for anti-poverty programs. The CSBG program is essential to Community Action Agency operations; it is helpful therefore, to know something about the history and provisions of the CSBG legislation.

The Community Services Block Grant was established by the Omnibus Budget Reconciliation Act (OBRA) of 1981. It replaced the Community Services Administration (CSA) which was abolished on September 30, 1981. CSA had replaced the Office of Economic Opportunity (OEO) which operated from 1964 to 1975. Both CSA and OEO were Federal Executive Branch Departments. The legislated purpose of the CSBG continues the broad purpose of the Economic Opportunity Act of 1964 "to provide a range of services and activities having a measurable and potentially major impact on the causes of poverty in the community or those areas of the community where poverty is most acute."

Under the CSBG, funds are awarded to the states based on the amount they received in FY 1981 for community action purposes. States are required to submit an application and plan for use of CSBG dollars to the Office of Community Services (OCS) in the Department of Health and Human Services. States are further required to "pass through" 90% of their allotment to Community Action Agencies and/or migrant and seasonal farmworker programs (eligible entities as defined in the law). The CSBG allows states to use 5% or $55,000, whichever is greater, for state level administration. The remaining 5% may be transferred at the state level to other programs including Headstart, Energy Crisis Intervention, Older Americans Act, and Temporary Emergency Food Assistance. States have the discretion to use some or all of this 10% for CSBG programs.

In 1981, with the passage of OBRA, funding for Community Action was reduced by 30% from $526.4 million to $366 million. Funding has increased only slightly since then to $372.4 million in 1985. At the time of the implementation of the CSBG it was argued that states would compensate for the reduced federal funding with state appropriations to CAAs. In 1981 only Connecticut, Michigan, and Pennsylvania funded Community Action Agencies. At present, less than 10 states supplement the CSBG with their own appropriations.

A General Accounting Office (GAO) report issued in September 1984 on the implementation of the CSBG in 13 states found that 91% of the CAAs experienced

25-50% reductions in funding. Many states left the responsibility for adapting to this reduced funding in the hands of the CAAs. The GAO found that CAAs chose to deal with these reductions by various methods including: reducing staff levels, eliminating certain services, closing some neighborhood offices, and increasing the use of volunteers. Despite such changes CAAs remained an important class of service providers.

Perhaps the most important question regarding the Community Services Block Grant is "What do Community Action Agencies use these monies for?" The first section of this report describes the type and range of programs that CAAs fund with the CSBG as found by the NCAADA survey. Two other studies have also researched this.

The block grant funding structure gives states the responsibility for directing the CSBG program. A survey conducted by the National Community Action Foundation (NCAF) in 1984 found that only a few states had imposed program priorities on CAAs for the use of CSBG funds. Most states allowed CAAs to retain their decision-making powers based on local needs assessments and community input. NCAF found that the CSBG is used at the local level to respond to those needs identified by the CAAs and not met by other programs in the community.

Data on the use of CSBG funds was collected in 1984 through the National Voluntary Reporting System (NVRS) for a study by the National Association of State Community Service Program Directors and the National Governors' Association. Using the seven major activity areas enumerated in the CSBG Act, this study found that CAAs allocated their CSBG resources in the following percentages:

13%	Employment
6%	Education
8%	Housing
8%	Better Use of Available Income
10%	Emergency Assistance
15%	Nutrition
40%	Linkages with Other Programs

(The typical programs included in each category are found in Appendix 3)

The NCAADA survey asked for a listing of all CSBG-supported programs, a brief program description, and target population. The NCAADA survey results are consistent with the findings of NVRS and expand on them in one important area.

According to the NVRS study, states reported that 40% of all CSBG program dollars are spent for programs that fall under the heading of "Linkages With Other Programs." This program heading requires better definition. Linkages are those CAA activities which coordinate the resources and programs of a CAA with the programs and resources of other private and public organizations. CAA linkage programs enlist the financial support and expertise of these local organizations and focus the now combined services and resources on a related set of problems and needs. The result is a more effective use of resources, an increased cooperation among community elements, and a systematic solution to poverty problems--a whole greater than the sum of its parts. These linkage programs underscore the comprehensive, holistic nature of the CAA approach to ameliorating the causes of poverty and its effects.

Examples from the NCAADA survey illustrate the meaning of "Linkages with Other Programs."

> St. Louis, MO - After a local incident drew attention to the issue of missing children, the Human Development Corporation (HDC) of Metropolitan St. Louis used CSBG funds to organize local resources in a child fingerprinting and photographing program. To insure success HDC enlisted the aid of community groups. St. Louis Police Department trained project staff and volunteers how to fingerprint. The City's School Board permitted the program staff to use school time and facilities to reach students and to do fingerprinting and photographing. Local Boy Scout troops worked on weekends as volunteers.
>
> The program has been well received and widely supported. The initial $1,000 in CSBG money has been supplemented by local donations from Anheiser-Busch, Monsanto, Ralston Purina, and Lacled Gas Co. PIP Printing donated about $2,545 worth of fingerprinting materials.
>
> Through the combined efforts of these community groups, linked together by the CAA, nearly 7,000 children have been reached for fingerprinting.

Lenoir, NC - The Blue Ridge Community Action Agency (BRCA) operates a Daycare/Employment Program which combines several funding sources and links many local employers. The program has two primary goals: to provide quality daycare for children, and to enable the parents of these children to go to work.

The Daycare Center provides 50 subsidized slots for the children of low-income parents who have agreed to participate in the employment development program. Participants are given employment counseling and are assisted in gaining employment with one of several local employers. Jobs are provided by seven local furniture manufacturers, two nearby hospitals, and a poultry processing plant. Western Piedmont Community College contributes job training in welding, auto-mechanics, data processing and carpentry.

Blue Ridge Community Action began this program with CSBG dollars and Appalachian Regional Assistance money. The program is housed rent-free on the campus of the North Carolina School for the Deaf. The local Department of Social Services contributed much of the daycare equipment. Currently the Daycare/Employment Program is supported by money from CSBG, the Job Training Partnership Act (JTPA), the regional Department of Human Services, and local contributions.

Last year the Daycare/Employment Program served 94 children and 48 adults.

Flat River, MO - Using the Community Service Block Grant as seed money, East Missouri Community Action attracted a $3,500 grant from the Union Electric Co. to do a pilot project for the installation of low-cost weatherization materials. This was the first major link between this rural CAA and a private sector industry.

Based on the success of this pilot project, Union Electric provided a second grant for $10,000. East Missouri CAA combined this money with a $20,000 JTPA grant from the local Private Industry Council. "Project Energy Aid" provides energy conservation and weatherization training, and employment for 10 young people and 3 adult supervisors, all low-income people. During 1984 this weatherization team installed low-cost, reusable energy saving materials in the homes of nearly 200 families.

The model for this program is being promoted by Union Electric. East Missouri CAA now consults with other social service organizations and CAAs on the development of similar projects. Because of an initial CSBG allocation for the pilot project, a state-wide network of "Energy Aid" programs is developing.

FEDERAL PROGRAMS

Community Action Agencies also administer an array of federally-initiated categorical programs. Indeed, the models for most of these federal programs were originated and/or tested by Community Action Agencies. These programs were eventually transferred to other agencies of federal government, yet CAAs continue to sponsor and operate them at the local level. Some of these programs and their current federal agencies are:

Headstart	HHS/Office of Human Development
Summer Youth Employment	Department of Labor
Meals on Wheels	Administration on Aging
Low-Income Weatherization Assistance Program	Department of Energy
Job Corps	Department of Labor
Community Health Centers	Primary Care Block Grant
Upward Bound	Department of Education
Legal Services	Legal Services Corporation
Low Income Home Energy Assistance Program	HHS/Office of Family Assistance
Senior Opportunities Services	ACTION

Community Action Agencies are flexible; they quickly implement new service initiatives and readily integrate new federal programs. Individual federal programs become linked together by the coordinated CAA approach.

They are accessible--the average CAA maintains at least one program site in each county they serve. These agencies quickly and effectively reach and provide information to low-income people. This feature of CAAs is well recognized: The Bureau of the Census used CAAs during both the 1970 and the 1980 national census to obtain information from low-income citizens. CAAs played the leading role in the 1976 Food Stamp alert, sponsored by the U.S. Department of Agriculture, and in the Supplemental Security Income Alert during the early 1970's, sponsored by the Social Security Administration.

After 20 years of operation CAAs are recognized and established community catalysts able to draw together and mobilize local resources--both human and material--to augment federally funded programs.

These qualities make Community Action Agencies effective and productive implementors of nation-wide service programs for the disadvantaged and the needy. A recent report by the Select Committee on Children, Youth, and Families, entitled "Opportunities for Success: Cost Effective Programs for Children," found that several anti-poverty programs, specifically the CAA programs of Headstart, child nutrition, and youth employment and training, improved the lives of children and saved the public money.

Following are descriptions of some of the federal programs operated by CAAs during 1984.

WEATHERIZATION

In 1974, the Maine CAAs developed a program model to weatherize the homes of low-income persons to make them more energy efficient. This project insulated about 3,000 homes. Using this CAA-developed model the federal government now funds Weatherization Assistance, the purchase and installation of materials that reduce heating and cooling costs in low-income households. Through the Department of Energy, federal funds are allocated on a formula basis that takes into account the number of low-income households, energy use patterns, and the climate in each State. Funds are used for purchase of caulking, storm windows, weather stripping, clock thermostats, and other relatively low-cost materials, and for hiring people to install weatherization materials. According to the NCAADA survey respondents, 87% of Community Action Agencies operated Weatherization Assistance in 1984.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

Another source of energy aid is the Low Income Home Energy Assistance Program, (LIHEAP), which is the federal government's major effort to help low-income households in coping with the high cost of home energy. The Department of Health and Human Services distributes funds to the states based on a formula that is weighted toward states with cold climates. States channel funds to local agencies to provide four types of services: heating assistance, energy crisis assistance, weatherization, and cooling assistance with the mix of these services determined by the state. In the NCAADA survey, 75% of responding CAAs reported that they conducted LIHEAP in 1984.

HEADSTART

Community Action Agencies have always been the primary sponsors of Headstart programs. This education program combines comprehensive health care (medical, dental, nutritional and mental health related); educational and social services; parental involvement; and other services to children and their families. These services and developmental opportunities improve the quality of life for low-income children and enable them to deal more effectively with their present environment and later responsibility in school and community life. In 1984, 77% of all CAA survey respondents operated local Headstart programs. The Office of Child Development (HHS) reports that these CAAs served approximately 167,000 children.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

Drawing on dairy products, grains, and honey made available from the farm price support programs, the Temporary Emergency Food Assistance Program (TEFAP) allocates these commodities along with administrative funds to the states. States must then distribute these foodstuffs to the needy. Community Action Agencies, with their established contacts and with their regular pool of volunteers, are an efficient distribution system for commodities especially in rural areas. These USDA foods were handled in 1984 by 61% of responding CAAs.

JOB TRAINING PARTNERSHIP ACT

The NCAADA survey reveals that 48% of all CAAs responding conduct activities provided for by the Job Training Partnership Act (JTPA) administered by the Department of Labor. This Act differs from its predecessor the Comprehensive Employment and Training Act (CETA) in important ways: it is built on a partnership between government and business; it includes a major role for the States, it primarily provides training and provides subsidized employment only in very limited cases; non-training expenses are strictly limited; and all programs must meet mandatory performance standards. Passed in 1982, JTPA provides funds for training for disadvantaged youth and adults, summer employment and training for youth, and retraining services to dislocated workers. The JTPA authorizes national activities including Job Corps and training to Native Americans, migrants and seasonal farmworkers. CAAs play an important role in outreach and recruitment for these activities.

OLDER AMERICANS ACT

The Older Americans Act, passed in 1965 and last amended in 1981, is the major vehicle for funding of services to the elderly. The programs authorized therein are administered by the Department of Health and Human Services and currently support almost 13,000 congregate nutrition sites, 8,000 service centers and over 54,000 community service jobs. Much of this programming is contracted by the Area Agency on Aging system to CAAs who play a vital role for the low-income elderly. Title III of the Act authorizes nutritional services--a CAA specialty--and supportive services such as Senior Centers. Title V of this Act provides for subsidized part-time employment for low-income older persons to work in community services. Over 43% of CAA respondents delivered these activities in 1984.

SOCIAL SERVICES BLOCK GRANT

The Social Services Block Grant (SSBG) channels federal funds to the states for use at their discretion to provide social services to citizens. This block grant continues the social services and related activities formerly known as Title XX. These include direct services to children, the handicapped, and the elderly who have certain narrowly defined needs. Some states contract with CAAs to provide services. CAAs use these monies for programs to promote self-sufficiency in contrast to the maintenance approach used by welfare offices. Typical programs are: emergency and medical transportation, protective services for children, home health care for the elderly, and income tax assistance. Recently monies have been directed toward child abuse and missing children's programs. In the NCAADA survey, 33% of responding CAAs reported that they received SSBG funds in support of these very specific activities.

FEDERAL HOUSING PROGRAMS

The Federal Housing Act of 1968 provides for various federally sponsored housing assistance programs. Among those sometimes offered by the CAA are: Section 502--a homeownership program which provides, to low-income families, loans to buy, build, or rehabilitate homes; Section 504--a program for families and the elderly which makes grants and loans for renovation to meet health and safety standards; and Section 523--a self-help housing program which counsels groups of low income families on the construction and rehabilitation of their homes. All three of these are administered by the Farmer's

Home Administration. The survey finds that 23% of responding CAAs provided some federal housing programs in 1984.

ACTION PROGRAMS

The Office of the Older American Volunteer Programs manages the Foster Grandparent Program, the Senior Companion Program, and the Retired Senior Volunteer Program (RSVP). As Foster Grandparents, low-income persons aged 60 and over provide companionship and guidance to mentally, physically, and emotionally handicapped children, children who are victims of abuse or neglect, and those who have other special needs. Senior Companions are low-income persons 60 or over who provide care and companionship to other adults especially the frail elderly. RSVP offers opportunities for older citizens to use their talents and experience in community service. Foster Grandparents and Senior Companions work 20 hours per week and receive a small stipend. RSVP volunteers serve without compensation. CAAs, extensively involved with low income people, make regular use of volunteers and so are natural sponsors of these programs. In the NCAADA survey, 23% of the responding Community Action Agencies operated these ACTION programs.

ECONOMIC DEVELOPMENT PROGRAMS

The Department of Housing and Urban Development administers two grant programs sometimes operated by CAAs. The Community Development Block Grant entitlement grants and the Small Cities Programs provide money through the states to local agencies to provide decent housing and expanded economic opportunities for low-income persons. The Urban Development Action Grants go to distressed urban areas to alleviate economic deterioration by means of increased public and private investment, to aid economic recovery and strengthen the employment and tax bases of cities. Responses to the NCAADA survey show that 16% of responding CAAs operated one or more of these federal economic development programs.

LOCAL SUPPORT

Community support for anti-poverty activities and programs is vital to the CAA. The Economic Opportunity Act emphasized "the catalytic role (of the CAA) in making the entire community more responsive to the needs and interests of the poor" and stressed that CAAs must mobilize and utilize public and private resources. CAAs facilitate local participation, local control, and local support. Hence, one measure of the success of community action is the extent to which these agencies have enlisted public and private support in their communities. CAAs, after 20 years of community service, have become recognized and established institutions able to attract considerable support in the communities they serve.

Local support takes several forms: local service contracts with other agencies, private cash contributions, in-kind donations, and volunteer services.

SERVICE CONTRACTS

Local service contracts indicate respect for the CAA's abilities as organizers and planners and also the level of CAA involvement with other local entities, public and private. CAAs report that these contracts come from state, city, and county governments; local corporations; United Ways; Private Industry Councils (PICS); community foundations, Area Agencies on Aging, Community Mental Health Centers, and many others.

By contracting for service, and thereby tying into the CAA's system of activities and information, other agencies enhance their own service delivery. Other agencies rely on CAAs to provide Information and Referral services to the poor. In urban areas the CAA is the hub of the network of agencies for the poor. In rural areas where few other providers exist, CAAs are characteristically multi-purpose centers through which diverse programs are channeled.

Eighty percent of reporting CAAs receive support through local service contracts. The average amount of this contract support in 1984 was $249,586 per agency.

CASH CONTRIBUTIONS

Private cash contributions are those received from individuals or private organizations such as businesses and civic clubs. These amounts represent the involvement and commitment of the community-at-large to the work of the CAA on behalf of low-income people.

Eighty percent of CAAs reporting received private cash contributions in 1984. The per-agency average of these was $47,034. The majority of the CAAs that reported receiving no private contributions were public agencies--those run by local governments.

IN-KIND DONATIONS

While a typical community may not have large financial resources to place at the disposal of the CAA, there are always church basements, empty warehouses, an extra panel truck, outgrown clothing, unwanted furniture--the list is endless. A CAA can make from this assortment of the unwanted or unused, a useful product. For people who have little or nothing, in-kind contributions go a long way.

Contributions of rent-free space, computer time, office equipment or supplies enable the CAA to keep operating costs low, freeing more monetary resources for direct service.

When asked for the dollar value of in-kind contributions, CAAs report that in 1984 they received a per-agency average of $290,931 worth of goods, facilities, and equipment. These donations are the most substantial and tangible form of community support.

VOLUNTEERS

All Community Action Agencies rely heavily on volunteers to carry out a variety of planned activities. These volunteers represent the community as a whole and signify the extent of the personal support for CAAs. The NCAADA survey reveals that volunteers come from all age groups, represent the spectrum of skills and abilities found in the community, and perform a broad range of services to their own communities

Senior retired volunteers staff second hand clothing stores and thrift shops and provide support to other elderly poor. Young people are also involved; one CAA described their Group Workcamp program--a summer camp where young people ages 14-21 provide home repair and weatherization improvement to low-income homes. Volunteers build and repair energy efficient homes, sort clothing, or distribute butter, cheese, honey and other commodities. Volunteers are also medical, legal and mental health professionals who provide screening, referral, counseling, and treatment. In at least one case whole families serve as volunteers. A northeastern CAA has organized the efforts of 15 families who provide shelter for up to a week for youths who have left home for any reason.

Each CAA utilizes an average of 833 volunteers who contribute a total of 34,855 hours annually. This enormous amount of volunteer power is perhaps the most persuasive evidence of the success of these agencies in mobilizing and utilizing local community resources.

APPENDIX 1: RESULTS OF THE 1985 SURVEY OF CAAs

GENERAL DESCRIPTION

In July of 1985 the National Community Action Agency Directors Association conducted a survey of Community Action Agencies. Three hundred sixty-six (366) completed surveys were returned from Community Action Agencies in 45 States and Puerto Rico.

The survey form was divided into 5 sections: General Information, Local Support, Federal Programs operated in FY 1984, CSBG funded Programs, and Additional Information.

Section 4, CSBG funded Programs, collected program descriptions and populations served. This information provides the basis for Part 2 of this narrative. Section 5 requested anecdotal information about unique or creative CAA programs. Information from this section is the basis of Part 1 of this report. Summaries of the general information, local support and federal program data follow. Section 3, Federal Programs requested "number of persons served" for each federal program. These responses were often duplicated counts or counts of households, or units of service. This made the results difficult to compile. Numbers of persons served are not reported here.

		# of CAAs Responding	Total	Per CAA Average
General Information				
1	Number of Agency Employees	366	45,058	123
2	Annual Agency Payroll	316	$365,276,293	$1,155,937
3	Number of Agency Locations	366	4,085	10
4	Number of Volunteers	348	290,100	833
5	Number of Volunteer Hours	353	14,069,049	34,855
Local Support Dollars				
6	Amount of Local Service Contracts	293	$73,128,947	$249,586
7	Amount of Private Cash Contributions	294	$13,828,176	$ 47,034
8	Value of In-Kind Contributions	353	$102,698,855	$290,931
	Total of Local Support	-	-	$587,551

Federal Programs*	# of CAAs Responding	Average Amount	% of CAAs Which Operate These
CSBG	366	$294,425	100%
CSBG Discretionary Money	127	$ 45,759	35%
Weatherization	320	$292,911	87%
Head Start	283	$887,019	77%
LIHEAP	275	$684,548	75%
Commodities Distribution	223	$128,798	61%
JTPA	174	$586,489	48%
Older Americans Act	149	$324,711	43%
SSBG	121	$172,938	33%
Housing Projects	86	$496,323	23%
ACTION Programs	84	$136,020	23%
Economic Development	58	$224,369	16%

* Each of these federal programs is further described in Part 3 of the narrative.

APPENDIX 2: RESPONSE RATES BY REGION

REGION I 32%

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

REGION II 34%

New Jersey
New York
Puerto Rico
Virgin Islands

REGION III 48%

Delaware
Maryland
Pennsylvania
Virginia
Washington, D.C.
West Virginia

REGION IV 46%

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

REGION V 38%

Illinois
Indiana
Michigan
Minnesota
Ohio
Wisconsin

REGION VI 26%

Arkansas
Louisiana
New Mexico
Oklahoma
Texas

REGION VII 65%

Iowa
Kansas
Missouri
Nebraska

REGION VIII 24%

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

REGION IX 40%

Arizona
California
Hawaii
Nevada

REGION X 46%

Alaska
Idaho
Micronesia
Oregon
Washington

APPENDIX 3: NVRS SURVEY

Typical Programs Included in Each Category. Listed below are some of the common programs of local CSBG operators that are included in each of the seven major categories.

1. EMPLOYMENT	Job counseling. Job placement. Job Banks. Employment generating projects (such as supporting the growth of small businesses). Job development. Skills training. Summer youth and other on-the-job-training projects. Services for senior citizens. Work experience projects. Planning and coordination of community employment programs.
2. EDUCATION	Education counseling. Support for Head Start programs. Day care and child development programs. Instruction, classes, workshops, and tutoring. Community forums on drug abuse, parenting, etc.
3. HOUSING	Information and referral about community housing services. Homeownership counseling. Landlord-tenant relations. Default/displacement assistance. Home maintenance counseling. Residential rehabilitation. Safety code assistance. Shelters for the homeless. Construction of low-income housing. Administration of HUD programs in isolated areas. Community-wide housing planning.
4. BETTER USE OF AVAILABLE INCOME	Household financial counseling. Income tax counseling. Residential energy conservation measures and weatherization support. Solar energy installations. Community forums on residential energy conservation. Credit unions. Community planning.
5. EMERGENCY SERVICES	Information and referral. One-time emergency payments. Donations of clothing, food and shelter. Support of the LIHEAP program. Domestic abuse and other crisis intervention. Emergency medical assistance. Aid to the homeless. Community-wide disaster and emergency planning.

6. NUTRITION	Distribution of USDA surplus commodities. Operation of Food Pantries or Food Shelves. Support of regional Food Banks. Hot meals. Garden projects. Canneries and food processing. Food baskets. Summer youth feeding programs.
7. LINKAGES WITH OTHER PROGRAMS	Comprehensive information and referral programs. Coordination of community volunteers. Transportation programs for elderly, handicapped, and low-income persons. Senior centers and other elderly programs. Health screening. Alcoholism, drug abuse and mental health treatment. Medical and dental care in isolated areas. Neighborhood and community centers. Summer services. Rural water and waste water projects. Community outreach. Economic development joint ventures. Development of water and waste water applications. Comprehensive planning and coordination of community programs.